S. Hrg. 98-149

PROFILE OF ORGANIZED CRIME: MID-ATLANTIC REGION

HEARINGS

BEFORE THE

PERMANENT
SUBCOMMITTEE ON INVESTIGATIONS

OF THE

COMMITTEE ON
GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

NINETY-EIGHTH CONGRESS

FIRST SESSION

FEBRUARY 15, 23, AND 24, 1983

Printed for the use of the Committee on Governmental Affairs

U.S. GOVERNMENT PRINTING OFFICE
20-379 O
WASHINGTON : 1983

S401-54

COMMITTEE ON GOVERNMENTAL AFFAIRS

WILLIAM V. ROTH, Jr., Delaware, *Chairman*

CHARLES H. PERCY, Illinois
TED STEVENS, Alaska
CHARLES McC. MATHIAS, Jr., Maryland
WILLIAM S. COHEN, Maine
DAVID DURENBERGER, Minnesota
WARREN B. RUDMAN, New Hampshire
JOHN C. DANFORTH, Missouri
THAD COCHRAN, Mississippi
WILLIAM L. ARMSTRONG, Colorado

THOMAS F. EAGLETON, Missouri
HENRY M. JACKSON, Washington
LAWTON CHILES, Florida
SAM NUNN, Georgia
JOHN GLENN, Ohio
JIM SASSER, Tennessee
CARL LEVIN, Michigan
JEFF BINGAMAN, New Mexico

Joan M. McEntee, *Staff Director and Chief Counsel*

Permanent Subcommittee on Investigations

WILLIAM V. ROTH, Jr., Delaware, *Chairman*
WARREN RUDMAN, New Hampshire, *Vice Chairman*

CHARLES H. PERCY, Illinois
CHARLES McC. MATHIAS, Jr., Maryland
WILLIAM S. COHEN, Maine
THAD COCHRAN, Mississippi
WILLIAM L. ARMSTRONG, Colorado

SAM NUNN, Georgia
HENRY M. JACKSON, Washington
LAWTON CHILES, Florida
JOHN GLENN, Ohio
JIM SASSER, Tennessee
JEFF BINGAMAN, New Mexico

S. Cass Weiland, *Chief Counsel*
Eleanore J. Hill, *Chief Counsel to the Minority*
Katherine Bidden, *Chief Clerk*

CONTENTS

OPENING STATEMENTS

Page
Roth, Hon. William V., Jr., a U.S. Senator from the State of Delaware 133, 230
Rudman, Hon. Warren B., a U.S. Senator from the State of New Hampshire 1
Nunn, Hon. Sam., a U.S. Senator from the State of Georgia 3

Testimony of:

- Block, Alan, professor, University of Delaware 232
- Chance, Ronald C., supervisory special agent, U.S. Department of Labor 188, 202
- Ciancaglini, Joseph, Philadelphia, Pa., accompanied by Robert Simone, attorney 271
- Costello, William T., former member of the Pagan Motorcycle Club 95
- Ellis, George A., Pennsylvania State Police 7
- Fry, Glenn, investigator, Senate Permanent Subcommittee on Investigations 150, 254
- Hay, Wallace P., executive director, Pennsylvania Crime Commission 170
- Jackson, Edward, former mother club member of the Pagan Motorcycle Club 95
- Katz, Terry L., Maryland State Police, special services division 7
- Lazin, Malcolm L., chairman, Pennsylvania Crime Commission 170
- Lazzari, Gino L., inspector, Pennsylvania Crime Commission 170
- Liming, Gary D., Deputy Assistant Administrator for Intelligence, Drug Enforcement Administration 134
- McKee, Robert M., special agent-in-charge, U.S. Department of Labor, Office of Organized Crime and Racketeering 188, 202
- McKenna, Jeremiah B., general counsel, New York State Select Committee on Crime 232
- McKnight, Charles, Pagan Motorcycle gang member, accompanied by Nino Tineri, attorney 156
- McLaughlin, Edward F., supervisor, Organized Crime Section, Federal Bureau of Investigation 276
- McWeeney, Sean M., section chief, Organized Crime Section, Federal Bureau of Investigation 276
- Magee, Robert E., Acting Deputy Inspector General, U.S. Department of Labor 188, 202
- Merlino, Salvatore, accompanied by Robert Simone, attorney 274
- Moody, Jim E., supervisor, Organized Crime Section, Federal Bureau of Investigation 276
- Reilly, John, district attorney, Delaware County, Pa 121
- Revell, Oliver B., Assistant Director, Criminal Investigative Division, Federal Bureau of Investigation 276
- Riccobene, Harry, accompanied by Mario Alfonso, attorney 265
- Roberson, Sgt. Barry, New Jersey State Police 7
- Rogovin, Charles, professor, Organized Crime Research Project, Temple University Law School 293
- Stanfa, John, accompanied by Alexander Zerrok, attorney 269
- Trott, Donald, a mother club member of the Pagan Motorcycle Club, accompanied by Jeffrey Zucker, attorney 161
- Willis, Leonard, investigator, Senate Permanent Subcommittee on Investigations 254
- Wren, A. Raymond, special agent-in-charge, U.S. Department of Labor 188, 202

APPENDIX

	Page
Senators' prepared statement: Senator William V. Roth, Jr	304
Prepared statements of:	
American Motorcyclist Association	308
Block, Alan, professor, University of Delaware	402
Chance, Ronald C., special agent-in-charge, U.S Department of Labor, Office of Inspector General, Camden, N.J.	375
Katz, Terry L., Maryland State Police, special services division	310
Lazin, Malcolm L., chairman, Pennsylvania Crime Commission	315
McKee, Robert M., special agent-in-charge, U.S. Department of Labor	387
McKenna, Jeremiah B., general counsel, New York State Select Committee on Crime	456
Magee, Robert E., Assistant Deputy Inspector General, U.S. Department of Labor	349
Revell, Oliver B., Assistant Director, Criminal Investigative Division, Federal Bureau of Investigation	469
Rogovin, Charles, professor, Organized Crime Research Project, Temple University Law School	482
Wren, Raymond A., special agent-in-charge, U.S. Department of Labor	359
[Correspondence, affidavit, and supporting documents received from Mr. John P. Greeley, and letter dated April 7, 1983, from Mr. Robert M. McKee, which was received subsequent to the hearing.]	492

EXHIBITS

	Introduced on page	*Appears on page*
1. Chart depiciting motorcycle gang Chapters Organizational Structure, order of officers and members	8	9
2. Chart showing National Organizational Structure of an average motorcycle gang chapter	10	11
3. Chart depicting areas in which the Hells Angels Motorcycle Club are nationally active	12	13
4. Chart depicting areas in which the Bandidos Motorcycle Club are nationally active	12	14
5. Chart depicting areas in which the Outlaw Motorcycle Club are nationally active	12	15
6. Chart depicting areas in which the Pagan Motorcycle Club are nationally active	12	16
7. Copies of search and arrest warrants involving motorcycle parts, narcotics, and stolen property	22	23-51
8. Copies of the Breed Motorcycle Club bylaws; also the constitution of the Pagans and Wheels of Soul Motorcycle Club	65	65-72
9. Copies of search and seizure warrants involving stolen motorcycles and parts introduced by Cpl. Terry Katz of the Maryland State Police	75	93
10. Sealed exhibit, statement of Edward Jackson, assumed name, former Pagan Motorcycle Club member	95	**
11. Sealed exhibit—memo prepared by the minority staff corroborating the testimony of Edward Jackson	95	**
12. Copies of newspaper articles: confrontation between Chester, Del., police and Pagan Motorcycle Club members	122	123-124
13. Material submitted by Wallace P. Hay, Pennsylvania Crime Commission: "A Decade of Organized Crime, 1980 Report," "1981 and 1982 Annual Reports," and "Health Care Fraud: A Rising Threat, December 1981"	188	*
14. Copy of newspaper articles from the New York Times, dated February 15, 1983: U.S. officials tell of criminal group among Russian emigres' in Brooklyn, New York; and other related material	203	203-212
15. Copy of indictment of Lawrence A. Smith, Camden, N.J., submitted by Ron Chance	214	*
16. Letter from Thomas W. Greenlish, Assistant Attorney General, dated February 23, 1983 to Senator Roth, concerning toxic wastes and substances	252	253
17. Copy of detailed statement of Lt. Col. Justin Dintino, prepared in 1983	301	*

*May be found in the files of the subcommittee.

**Retained in the confidential files of the subcommittee.

PROFILE OF ORGANIZED CRIME: MID-ATLANTIC REGION

TUESDAY, FEBRUARY 15, 1983

U.S. SENATE,
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
OF THE COMMITTEE ON GOVERNMENTAL AFFAIRS,
Washington, D.C.

The subcommittee met at 10 a.m., in room 342, Dirksen Senate Office Building, under authority of Senate Resolution 333, section 13, dated March 11, 1982, Hon. Warren B. Rudman (vice chairman of the subcommittee) presiding.

Members of the subcommittee present: Senator Warren B. Rudman, Republican, New Hampshire; Senator William S. Cohen, Republican, Maine; Senator Sam Nunn, Democrat, Georgia; and Senator Jeff Bingaman, Democrat, New Mexico.

Also present: Senator Joseph R. Biden, Jr., Democrat, Delaware.

Members of the professional staff present: S. Cass Weiland, chief counsel; Eleanore J. Hill, chief counsel to the minority; Katherine Bidden, chief clerk; John Sopko and Terrance Bostic, assistant counsels to the minority; Glenn Fry, Fred Asselin, and Leonard Willis, staff investigators; Kathleen Dias, executive secretary to the minority chief counsel; Mary D. Robertson, assistant chief clerk, minority; Tom Karol, staff counsel to the majority; and Sarah Presgrave, executive secretary to the chief counsel of the majority.

[Letter of authority follows:]

U.S. SENATE,
COMMITTEE ON GOVERNMENTAL AFFAIRS,
SENATE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS,
Washington, D.C.

Pursuant to rule 5 of the Rules of Procedure of the Senate Permanent Subcommittee on Investigations of the Committee on Governmental Affairs, permission is hereby granted for the chairman, or any member of the subcommittee as designated by the chairman, to conduct open and/or executive hearings without a quorum of two members for the administration of oaths and taking testimony in connection with hearings on Profile of Organized Crime: Mid-Atlantic Region, Feb. 15, 23, and 24, 1983.

WILLIAM V. ROTH, Jr.,
Chairman.

SAM NUNN,
Ranking Minority Member.

OPENING STATEMENT OF SENATOR RUDMAN

Senator RUDMAN. The Permanent Subcommittee is in session.

The chairman, Senator Roth, is unable to be here to open these hearings. So in his place I will deliver an opening statement on behalf of both Senator Roth and myself.

The Permanent Subcommittee on Investigations today begins hearings on organized crime in the mid-Atlantic region of the United States. This hearing is another of the continuing efforts of the subcommittee to identify and investigate structured criminal enterprise and to examine the degree to which law enforcement agencies have been able to combat these enterprises. While the subcommittee is also authorized to investigate waste, fraud, and abuse in the Federal Government, it is perhaps best known for the organized crime investigations it has conducted over the last 25 years.

In 1959 Senator John McClellan chaired hearings on organized fraudulent schemes and in 1961 conducted an investigation into gambling and organized crime. In 1963, the infamous Joseph Valachi testified before the subcommittee about the existence and structure of the La Cosa Nostra, or Mafia, describing murder, narcotics trafficking, and other crimes of violence. The very next year, the subcommittee examined illicit traffic in narcotics on an international scale which resulted in the Narcotics Rehabilitation Act of 1966.

Under the chairmanship of Senator Henry Jackson in the early 1970's the subcommittee scrutinized the involvement of organized crime in securities theft and securities fraud. In 1978, in hearings chaired by Senator Sam Nunn, the subcommittee focused attention on the organized crime activities in south Florida and in the Federal prison in Atlanta. During these hearings, members of the Florida underworld chronicled the multibillion dollar crime industry in that State which included loansharking, arson for profit, and narcotics trafficking.

The following year, Senator Nunn chaired a series of hearings after a 15-month investigation of the so-called automobile chop shops and how organized crime had muscled into the stolen car business at a cost of billions of dollars each year in property losses, rising insurance rates, and burdens on the criminal justice system.

In the same year, Senator Nunn chaired 5 days of hearings which dramatized the massive profits from the $90 billion a year narcotics trade in this country. As ranking minority member of the subcommittee in 1981, Senator Nunn chaired extensive hearings on the influence and control by organized crime over the shipping industry in several east and gulf coast ports.

Under the chairmanship of Senator Roth the Permanent Subcommittee on Investigations has continued its valuable work investigating organized criminal activity. In November 1981, the subcommittee held 5 days of hearings on the international trafficking of narcotics and the involvement of traditional organized crime elements as well as newly emerging criminal enterprises.

Last year, Chairman Roth and I chaired hearings which showed, for the first time, the organized nature of commodity investment fraud schemes in the United States. We also undertook a series of hearings on the penetration of organized crime into the Hotel Employees and Restaurant Employees International Union in 1982.

The investigation in this area has continued and further hearings are anticipated during this year.

The hearings on organized crime which Senator Nunn, others, and I are opening today continue the proud tradition of the subcommittee to scrutinize and make public the illegal activities of organized criminal elements. I am confident that today's hearings will meet the high standards established in the subcommittee's past and will prove useful to the forces which oppose organized crime in all of its forms.

I will say to my colleagues before continuing with other opening statements that I want to just delve into one other subject which I believe should be brought up at this time. In early March, the subcommittee plans to question in executive session, three witnesses who have been either officers or employees of the union. Under rule 26 of the Standing Rules of the Senate, an executive session may be required in order to avoid unwarranted invasions of privacy and to insure other law enforcement investigations are not compromised. Therefore pursuant to rule 265–B I move that the Permanent Subcommittee on Investigations be given the authority to convene in closed session during the period March 7 through March 18 for the purpose of receiving testimony pertaining to the subcommittee's investigation of the Hotel Employees and Restaurant Employees International Union.

I would like the record to be kept open through today. I would ask that the chief clerk of the subcommittee record all votes. Is there a second to the motion?

Senator **Nunn**. I second and would like to record as voting aye.

Senator **Rudman**. The chairman votes aye.

Senator **Bingaman**. Aye.

Senator **Rudman**. The record will remain open until the close of the day.

I will now call on our ranking member, Senator Nunn.

OPENING STATEMENT OF SENATOR NUNN

Senator **Nunn**. Thank you, Mr. Chairman.

First let me express my appreciation to you, Mr. Chairman, and to Chairman Roth who I regret could not be here today and to the majority staff for your total and complete cooperation in the hearings that we will begin today and continue next week.

The Senate Permanent Subcommittee on Investigations today opens 3 days of hearings on organized criminal activity in the mid-Atlantic region of the United States. This subcommittee is authorized by Senate resolution to investigate organized crime and to evaluate the effectiveness and adequacy of the Federal response to this serious problem.

These hearings rest on a subcommittee tradition of more than 30 years' experience in the investigation of organized crime and the many varieties of criminal activity on which it thrives. During that time period, this subcommittee has conducted numerous public hearings relating to the problem of organized crime, including:

One, hearings on racketeering in the labor management field (1950's);

Two, hearings on gambling and organized crime (1961);

Three, hearings on organized crime and illicit traffic in narcotics (1963-64);

Four, hearings on organized crime and stolen securities (1971-74);

Five, hearings on organized criminal activities/south Florida and U.S. Penitentiary, Atlanta, Ga. (1978);

Six, hearings on illegal narcotics profits (1979);

Seven, hearings on organized crime and the use of violence (1980);

Eight, hearings on organized crime's influence in the Teamsters' Central States Pension Fund (1980-81);

Nine, hearings on waterfront corruption (1981);

Ten, hearings on international narcotics trafficking (1981); and

Eleven, hearings on organized crime's influence in the Hotel Employees and Restaurant Employees International Union (1981-82).

Thus, it is with benefit of a wealth of experience on the subject of organized crime, that the subcommittee today begins these hearings. It is, in fact, a lesson gleaned from that experience that today brings us to the focus of these hearings. In 1962 Joseph Valachi spoke to this subcommittee on organized crime as synonymous with La Cosa Nostra or the Mafia. Yet, it is evident that, since Valachi's testimony, we have heard the term organized crime associated with a broad spectrum of changing activities and, perhaps, the changing groups.

As a result, one might well ask whether traditional organized crime families of the 1960's truly depict organized crime in the 1980's. Most traditional organized crime families today negotiate with other lesser known criminal groups in the realm of illegal activities. We will be getting into that subject during today's hearings.

Today we set out to consider those questions via an attempt to examine and profile organized crime as it exists in this country in this decade. We begin by focusing on one geographically defined area: the mid-Atlantic States, consisting, for the most part, of New Jersey, Pennsylvania, and Delaware.

Mr. Chairman, I would also state that we do intend to pursue this in other regions of the country. We are taking it step by step. We first were going to try to have one comprehensive analysis of organized crime. We found that was impossible because of the variations from one part of the country to the other. So we are doing it in this fashion.

From State and local enforcement officials as well as representatives of the Federal Bureau of Investigation and the Federal Drug Enforcement Administration we anticipate testimony on the structure and strength of those traditional organized crime groups which have been so active in this area in the past. We expect to hear of internal conflicts within those traditional families as well as the growing expansion of traditional organized crime families from New York into the Pennsylvania and New Jersey areas.

Expected testimony will identify those activities which provide the economic mainstay for traditional organized crime within the region. Many will come as no surprise: gambling, labor racketeering, loansharking, narcotics. Others will forecast new and dangerous trends for the future, such as the infiltration of the toxic waste disposal industry.

Our hearing will not, however, be limited to the concept of traditional organized crime. In contrast to those traditional enterprises, testimony is expected during these hearings to highlight the emergence and the power of other nontraditional organized crime groups within this same area, with special emphasis on the outlaw motorcycle gang known as the Pagans. In today's hearing, the subcommittee will begin with a focus on this nontraditional side of organized crime. It is believed that testimony will cover the existence, structure, and activities of the Pagans, as they operate today in Pennsylvania and New Jersey.

We anticipate testimony from law enforcement representatives as well as former Pagan members which will confirm that this group has assumed control of certain aspects of the illicit drug trade, amassing large profits through the trafficking of methamphetamines and other drugs. Testimony is expected to establish that the Pagan motorcycle gang is today a highly organized and structured criminal enterprise engaged in prostitution, arson, stolen property, and other major criminal offenses. We expect to hear that Pagan strength today rivals, and in fact may exceed, that of traditional organized crime families within the mid-Atlantic area.

Finally, we expect the Delaware County, Pa., district attorney to describe the problems he has experienced in prosecuting Pagan members as well as the amount of Federal interest in this burgeoning new area of organized crime.

I would like to point out, prior to the beginning of today's hearing, that the subcommittee is well aware that the overwhelming majority of motorcycle clubs in the United States are comprised of law-abiding men and women who view motorcycling as a legitimate sport and recreational activity. This hearing is not intended in any way to reflect adversely on those legitimate organizations. To that end, we have requested that the American Motorcyclist Association submit for the record a statement outlining its organizational activities and objectives. Mr. Chairman, we have received that statement and I would, at this time, request that the statement of the American Motorcyclist Association be printed in the record.[1]

Senator RUDMAN. Without objection.

Senator NUNN. For the second day of hearings, February 23, 1983, we have subpenaed high-ranking members of today's Pagan organization, on both the national and regional levels. We will be most interested in hearing their response to the testimony of significant criminal activity which we anticipate here this morning.

Also on February 23, we will be pleased to welcome representatives of the Pennsylvania Crime Commission, who are expected to identify individuals involved in the leadership of traditional organized crime families as well as detail the illegal profitmaking activities of those families. In addition, we expect representatives of the Organized Crime and Racketeering Section of the Inspector General's Office of the Department of Labor to discuss organized crime's influence in the labor union movement in the mid-Atlantic region, with emphasis on infiltration by the Genovese crime family into major northern New Jersey labor union. In one instance, we believe that testimony will document that a labor leasing scam with nationwide organized crime ties successfully defrauded thousands of honest employees of their right to collective bargaining and an honest day's wage.

---

[1] See p. 308 for the prepared statement of the American Motorcyclist Association.

We will also explore, on the second day of hearings, the growing influence of the New York-based Gambino organized crime family in the Pennsylvania/New Jersey area. We expect testimony that the Gambino family is a predominant force in the importation and distribution of heroin in that area.

On the third day of this hearing, February 24, 1983, we will address an issue of profound public importance in the mid-Atlantic region and elsewhere: Namely, the influence of organized crime in the toxic waste disposal industry. We expect to hear how organized crime's longstanding control over the solid waste industry has served as a natural springboard for their recent entry into the toxic waste disposal industry. We anticipate hearing evidence that organized crime's continued influence in this industry poses a very real threat to our public's health and safety.

Representatives of the Federal Bureau of Investigation are also expected to testify on that day, sharing with the subcommittee their views of where organized crime stands today in the mid-Atlantic region. We have also subpenaed for that day several persons who are, by law enforcement accounts, representatives of those traditional organized crime families today operating in this region.

Finally, we have asked Charles Rogovin, professor of law and the director of the organized crime research project at Temple University, to discuss the current status of organized crime and its origins, drawing certain conclusions concerning the future of organized crime in this country. We will be most interested in Mr. Rogovin's discussion and evaluation of the Federal response to this most serious problem.

Before we turn to opening witnesses this morning, I do want to express my thanks, as ranking minority member, to you, Mr. Chairman, to you and to Chairman Roth for your support and cooperation and the cooperation of S. Cass Weiland and the entire majority staff during the course of our preliminary investigation and preparation for today's hearings.

I particularly want to mention that your active support and personal interest in this most important issue of organized crime has been especially helpful on this overall project. We are grateful for the cooperation and the excellent leadership the majority staff has given in the area of toxic waste and all the areas we will cover this morning.

I will look forward to continuing this tradition of strong majority-minority cooperation and coordination on other matters of mutual concern in the future.

Senator RUDMAN. Thank you very much, Senator Nunn.

I do want to take this opportunity before starting the hearings to call on Senator Bingaman. On behalf of the entire subcommittee, we welcome him to the first hearing of this subcommittee. I am particularly pleased that Senator Bingaman has chosen to serve on this subcommittee because we share a common background as attorney generals of our States and I know that he will bring a very special background to our work.

Do you have any opening statement, Senator Bingaman?

Senator BINGAMAN. I don't, Mr. Chairman. I do appreciate the chance to serve on the Permanent Subcommittee on Investigations and I look forward to the testimony on organized crime activities. It is an area that we got involved in somewhat when I was attorney general of the State of New Mexico and I am hopeful that the hearings that you are starting today will be useful for the rest of the law enforcement and the rest of this area.

Senator RUDMAN. Thank you very much.

We will call on our first panel of witnesses. The panel will be Cpl. Terry Katz, Maryland State Police, Trooper George Ellis, Pennsylvania State Police and Sgt. Barry Roberson, New Jersey State Police, if they would please come forward.

Gentlemen, if you would remain standing. It is the rule of the Permanent Subcommittee on Investigations, because of the nature of the work that we do, to administer an oath. If you will please raise your right hand. Do you swear the testimony you are about to give in the course of this hearing shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. KATZ. I do.

Mr. ELLIS. I do.

Mr. ROBERSON. I do.

Senator RUDMAN. If you will be seated.

Senator NUNN. Mr. Katz, if you would like to pull your chair around to the end of the table, we would certainly understand that. You can go right down to the corner if you would like to.

For the purpose of the media here, Mr. Katz does work under cover and he has asked not to have a frontal angle. We would appreciate the cameras cooperating.

Mr. Katz, would you like to lead off this morning?

TESTIMONY OF CPL. TERRY L. KATZ, MARYLAND STATE POLICE; TROOPER GEORGE A. ELLIS, PENNSYLVANIA STATE POLICE; AND SGT. BARRY ROBERSON, NEW JERSEY STATE POLICE

Mr. KATZ. Thank you Senator.

My name is Terry Katz. I hold a bachelor of science degree from Towson State University, Baltimore, Md. Since July 1970 I have had an opportunity to be a member of the Maryland State Police and from 1971 to the present my primary assignment as an investigator has been one that specializes in nontraditional organized crime including the investigation of outlaw motorcycle gangs.

Since September 1976 I have attended over 16 seminars and conferences, throughout the United States and Canada, concerning the investigation of outlaw motorcycle gangs. I have been featured as a guest speaker at many of these seminars.

I would like to briefly summarize the statement that I will put into the record.[1]

Basically it details as an exhibit that most of the historians agree that motorcycle gangs began after the World War II era when returning servicemen banded together for the camaraderie that motorcycling gave them and they also had a different view.

---

[1] See p. 310 for the prepared statement of Cpl. Terry L. Katz.

They had a view that they could engage in intoxication, sex, and violence without being apprehended if they were a member of a group in which they could not be readily identified.

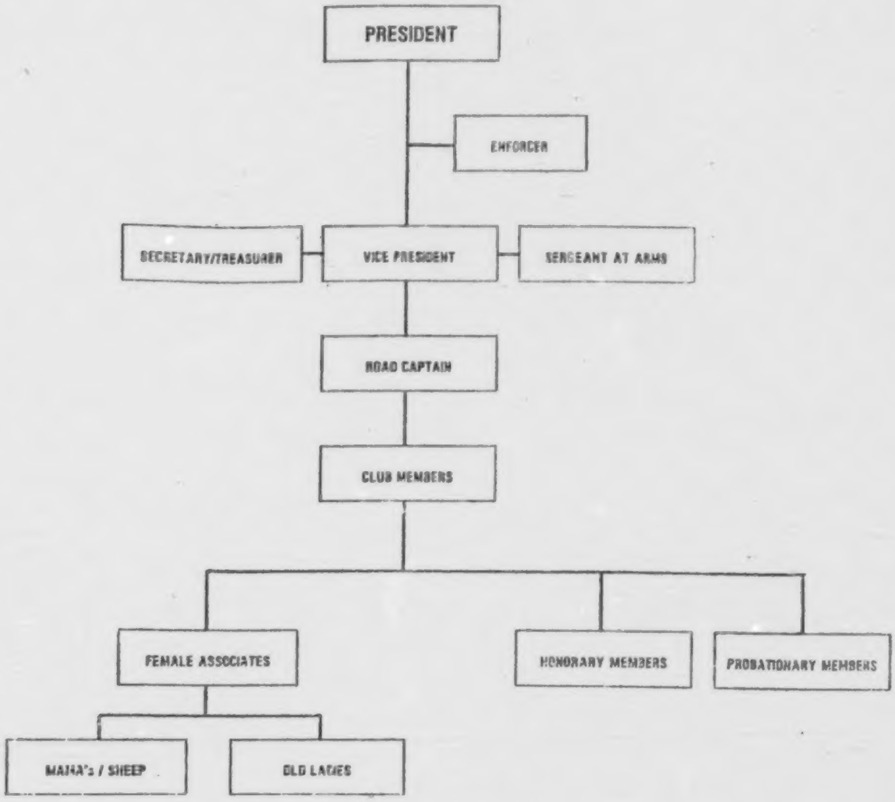
From that really crude criminality these outlaw gangs have grown dramatically. They have become more sophisticated. They began to appear on the national landscape where they have become involved in such illegal activities primarily as narcotics and prostitution as well as organized motorcycle theft rings. Today outlaw motorcycle gangs have evolved into a multistructured highly disciplined group which are governed by a written constitution, national officers, national policy boards, and local officers.

For the record I will submit a national organizational chart which is one which is also displayed in the front showing an average motorcycle gang structure such as those we are going to be discussing today. They have a national president, vice president, enforcers, sergeant at arms, secretary-treasurers and some sort of regional representation down to the lower level which would be their chapters.

[The chart referred to was marked as "Exhibit No. 1," for reference, and follows:]

EXHIBIT NO. 1

CHAPTERS
ORGANIZATIONAL STRUCTURE

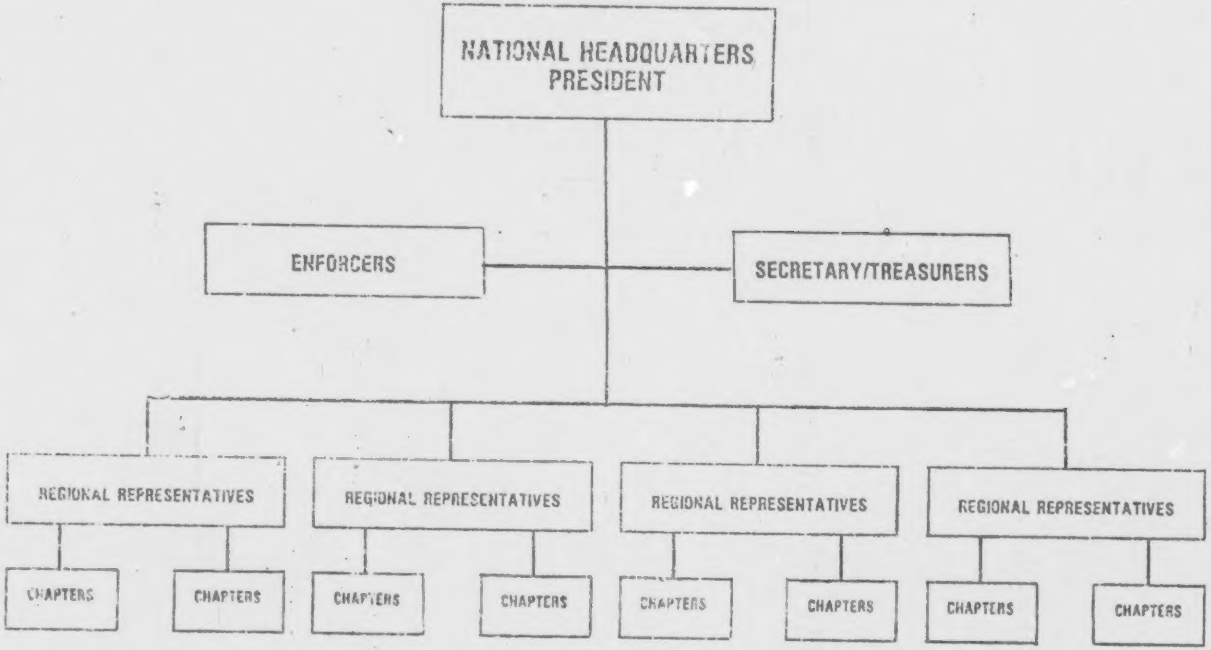

PRESIDENT
ENFORCER
SECRETARY/TREASURER
VICE PRESIDENT
SERGEANT AT ARMS
ROAD CAPTAIN
CLUB MEMBERS
FEMALE ASSOCIATES
HONORARY MEMBERS
PROBATIONARY MEMBERS
MAMA's / SHEEP
OLD LADIES

Mr. KATZ. In addition, there is an organizational chart of an average chapter which would also include the ruling council in most clubs where you have the same officers with a few delineations and additions.

[The chart referred to was marked "Exhibit No. 2," for reference, and follows:]

EXHIBIT NO. 2

NATIONAL ORGANIZATIONAL STRUCTURE


NATIONAL HEADQUARTERS
PRESIDENT
ENFORCERS
SECRETARY/TREASURERS
REGIONAL REPRESENTATIVES
REGIONAL REPRESENTATIVES
REGIONAL REPRESENTATIVES
REGIONAL REPRESENTATIVES
CHAPTERS
CHAPTERS
CHAPTERS
CHAPTERS
CHAPTERS
CHAPTERS
CHAPTERS
CHAPTERS

Mr. **Katz**. Basically these charts show that these clubs have become a structured organization, that they have evolved into a highly sophisticated group which through their intimidating presence and their well-deserve reputation for violence have been able to install fear, ignore traditional societal norms and transcend the law. Through this method they evade or escape prosecution.

There are four major outlaw motorcycle gangs currently operating in the United States. The combined membership of these four gangs is approximately 4,000 members. These gangs are the Hell's Angels which is probably the original and most notorious, the Bandidos, the Pagans, and the Outlaws.

Displayed on the board and for insertion in the record we have prepared charts which show the areas in which these gangs are nationally active. As you can see the Hell's Angels span not only the west coast in which they began but they have also moved across the United States in an organized pattern and now have chapters not only in the United States, but also in the province of Quebec in Canada. Across the international scene they have chapters located in such diverse places as Australia and England.

[The charts referred to were marked "Exhibit Nos. 3, 4, 5, and 6," for reference, and follow:]

EXHIBIT NO. 3

HELLS ANGELS

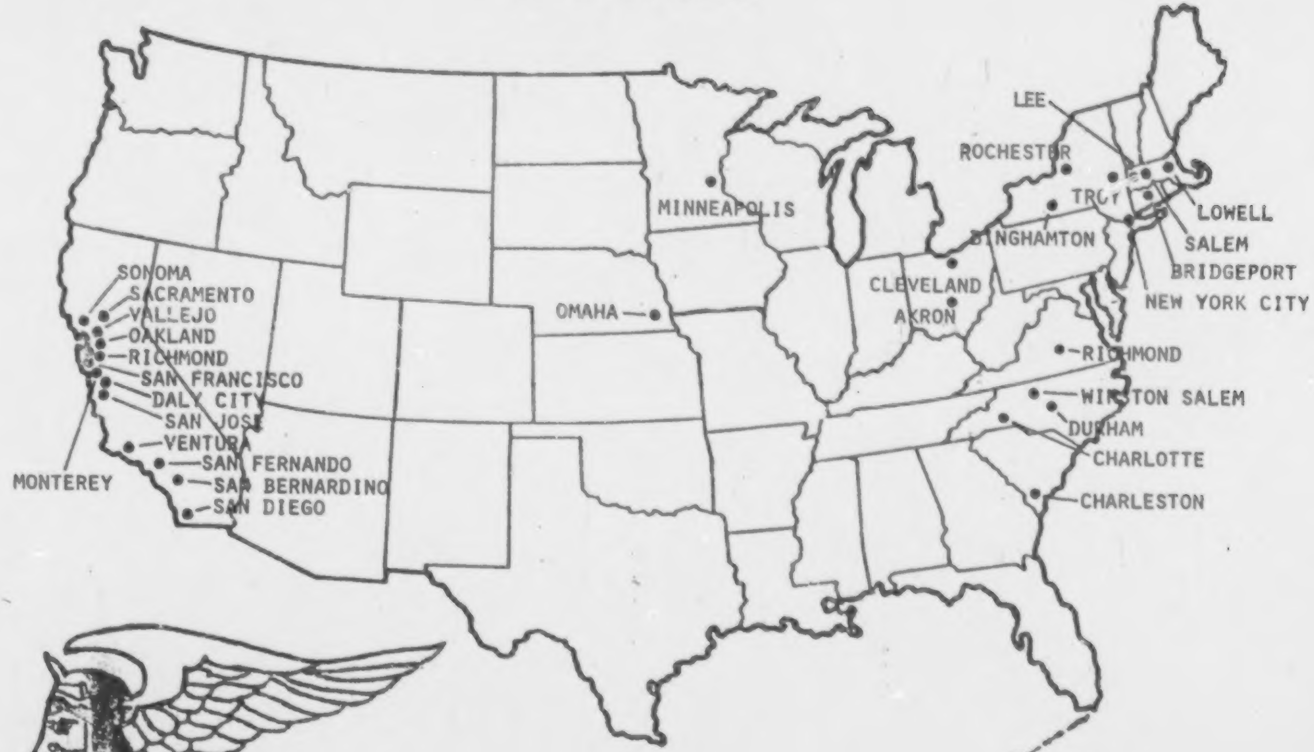

LEE
ROCHESTER
TROY
BINGHAMTON
LOWELL
SALEM
BRIDGEPORT
NEW YORK CITY
MINNEAPOLIS
CLEVELAND
AKRON
OMAHA
RICHMOND
WINSTON SALEM
DURHAM
CHARLOTTE
CHARLESTON
SONOMA
SACRAMENTO
VALLEJO
OAKLAND
RICHMOND
SAN FRANCISCO
DALY CITY
SAN JOSE
VENTURA
SAN FERNANDO
SAN BERNARDINO
SAN DIEGO
MONTEREY

EXHIBIT NO. 4

BANDIDOS

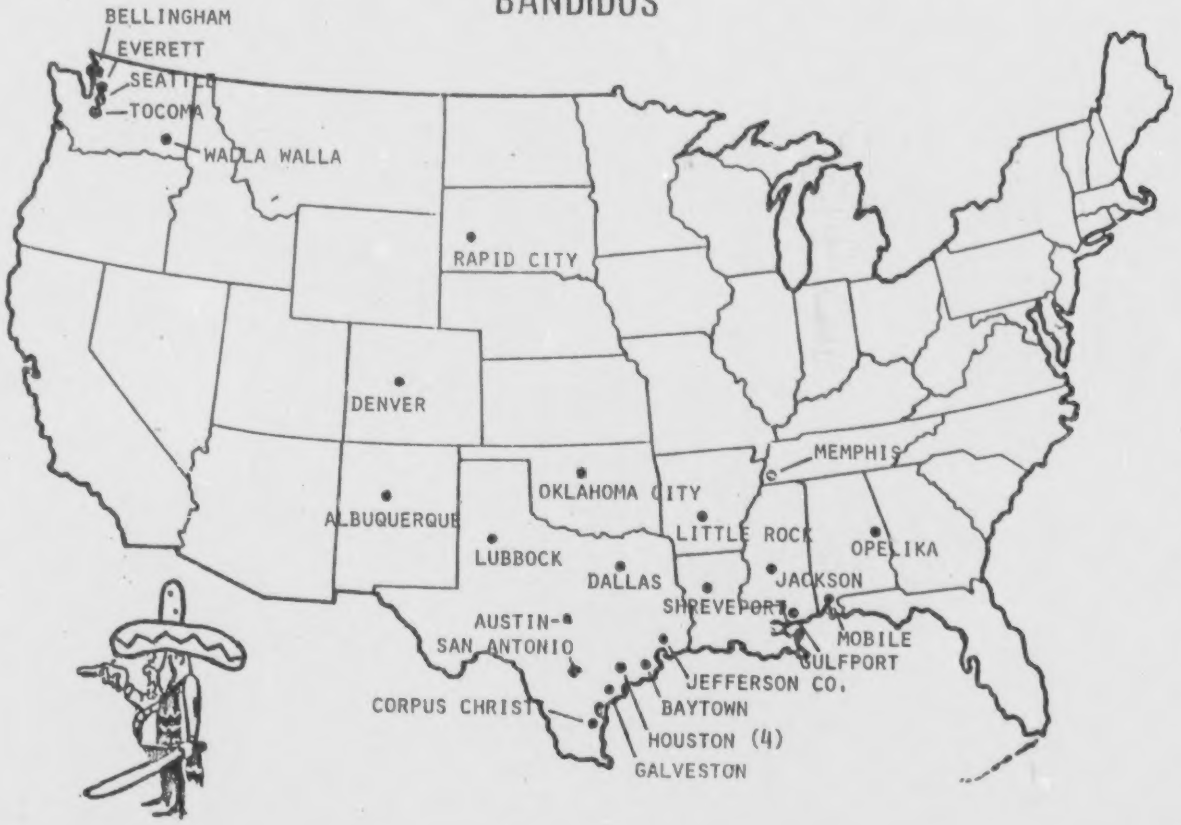

BELLINGHAM
EVERETT
SEATTLE
TOCOMA
WALLA WALLA
RAPID CITY
DENVER
ALBUQUERQUE
OKLAHOMA CITY
LUBBOCK
DALLAS
LITTLE ROCK
MEMPHIS
OPELIKA
JACKSON
SHREVEPORT
MOBILE
GULFPORT
AUSTIN-
SAN ANTONIO
JEFFERSON CO.
BAYTOWN
CORPUS CHRISTI
HOUSTON (4)
GALVESTON

EXHIBIT NO. 5

OUTLAWS

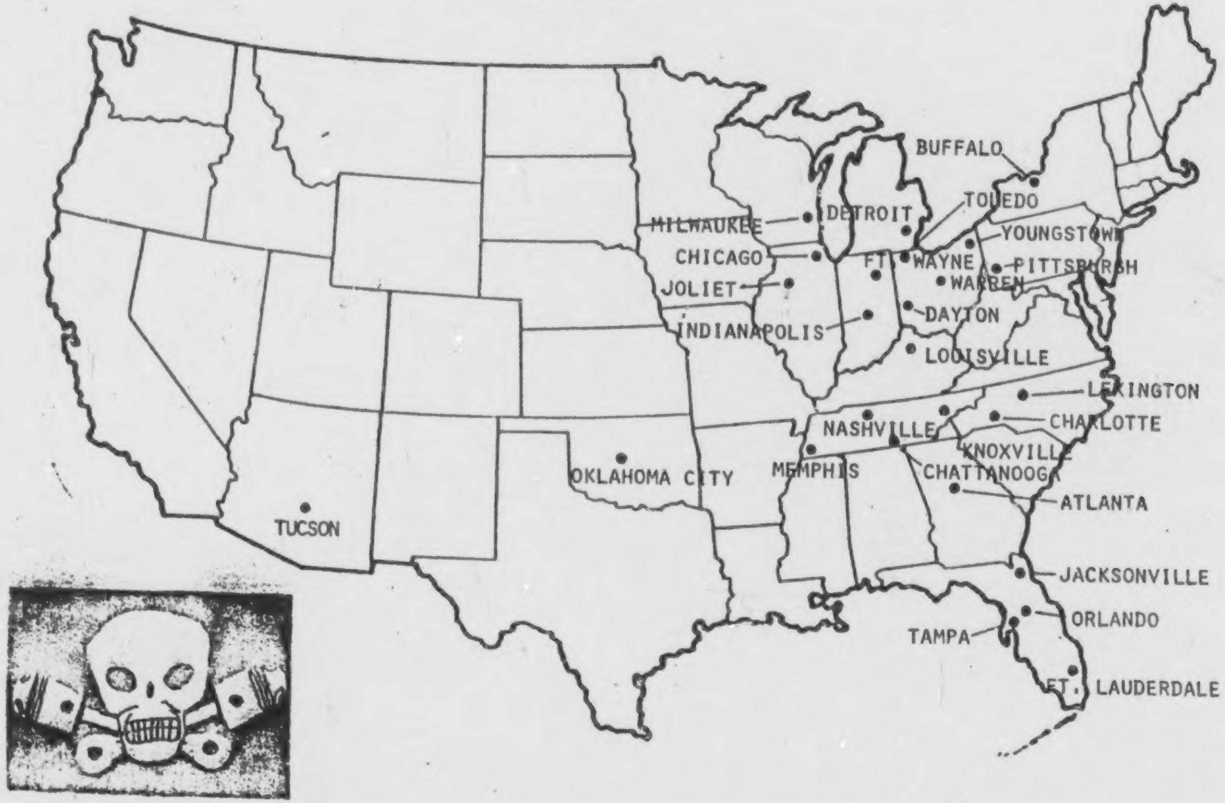
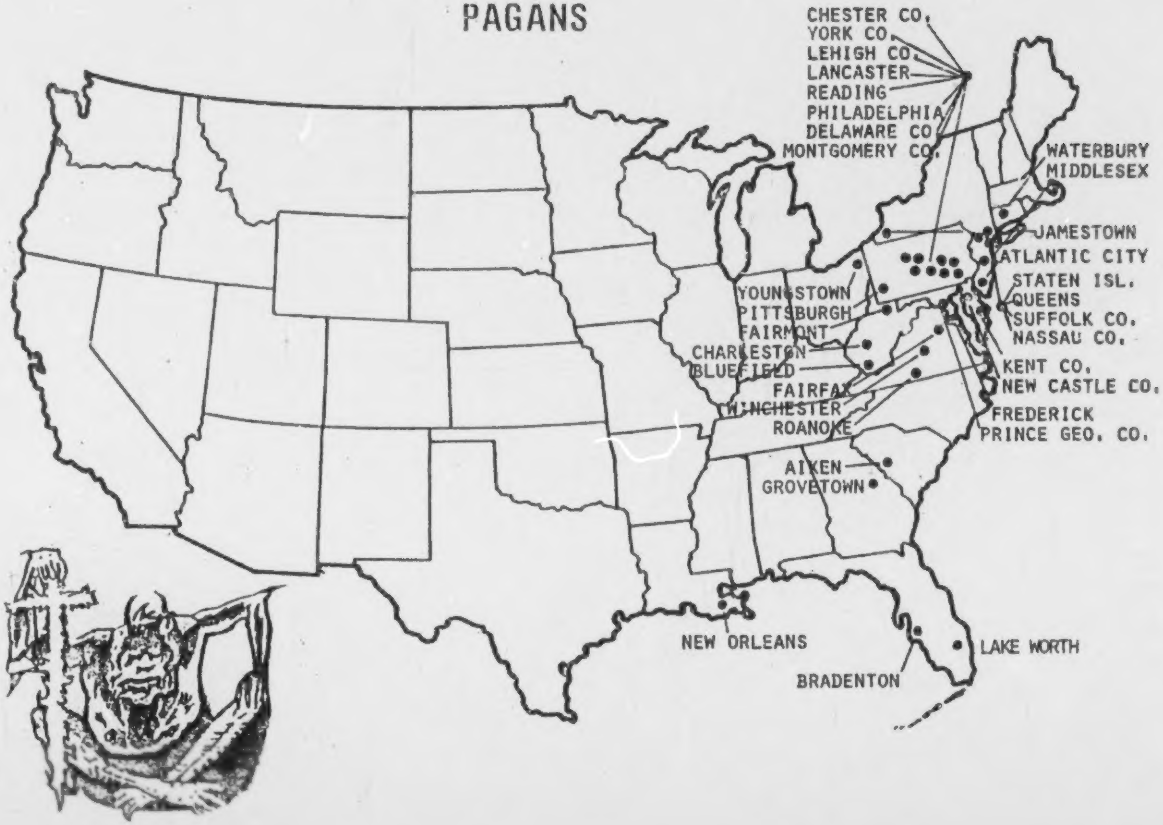

BUFFALO
TOLEDO
DETROIT
MILWAUKEE
CHICAGO
JOLIET
INDIANAPOLIS
FT. WAYNE
YOUNGSTOWN
PITTSBURGH
WARREN
DAYTON
LOUISVILLE
LEXINGTON
CHARLOTTE
NASHVILLE
KNOXVILLE
MEMPHIS
CHATTANOOGA
ATLANTA
OKLAHOMA CITY
TUCSON
JACKSONVILLE
ORLANDO
TAMPA
FT. LAUDERDALE

EXHIBIT NO. 6

PAGANS


CHESTER CO.
YORK CO.
LEHIGH CO.
LANCASTER
READING
PHILADELPHIA
DELAWARE CO
MONTGOMERY CO.
WATERBURY
MIDDLESEX
JAMESTOWN
ATLANTIC CITY
STATEN ISL.
QUEENS
SUFFOLK CO.
NASSAU CO.
KENT CO.
NEW CASTLE CO.
FREDERICK
PRINCE GEO. CO.
YOUNGSTOWN
PITTSBURGH
FAIRMONT
CHARLESTON
BLUEFIELD
FAIRFAX
WINCHESTER
ROANOKE
AIKEN
GROVETOWN
NEW ORLEANS
BRADENTON
LAKE WORTH

Mr. Katz. The next major gang chart to be displayed is the Bandidos Motorcycle Club which as you will notice is prominent not only in the Northwest, but also in the area in which it began, in the South and Southwest. They operate in conjunction with the next gang which is to be displayed for chart purposes, the Outlaws. The Outlaws as you can see form almost the letter "C" beginning in the State of Florida, moving up into the north into the provinces of Canada. The Outlaws are the largest motorcycle gang in the Nation having an estimated 1,500 to 2,000 members who can be mustered out at any given moment if need be.

The Outlaws and Bandidos as I will explain have a loose alliance. As you can see in their areas, they overlap in the South and Southwest. The last club to be displayed, is the one which the hearings center on today, the Pagan Motorcycle Club. They are primarily an eastern-based gang with affiliates in the South—which have been recently constituted in the last 2 years. The Pagans as well as the Hell's Angels, Bandidos, and Outlaws have a well-deserved reputation for violence. They are also structured and I will attempt to explain that structure.

Basically, there are about 900 outlaw motocycle gangs that operate in the United States. These gangs and their associates engage in illicit conspiratorial activities including the manufacture and distribution of chemical drugs such as methamphetamines and phencyclidine, the distribution of narcotics, and marihuana. They also engage in welfare fraud, theft, arson, dealing in stolen property and prostitution.

It should be noted that in spite of their numbers outlaw motorcycle gangs constitute a very small minority of the people who ride motorcycles.

Senator Nunn. Mr. Katz, if I could interrupt you just for a moment there, the American Motorcyclist Association objects to the word outlaw motorcycle gang and I think that for the purpose of at least establishing a foundation, because we are going to be using that word over and over again during this hearing, it is in your testimony and in the testimony of others, and in my opening statement, what do you mean by outlaw motorcycle gang and how do you identify that as being an outlaw gang?

In other words, at what point does a motorcycle gang, that would otherwise be presumed legitimate, become what you call an outlaw gang?

Mr. Katz. Senator, the term outlaw is commonly used to differentiate those organizations from legitimate motorcycle organizations such as those which the American Motorcyclist Association is referring to. If one considers that approximately 95 and probably as much as 99 percent of the people who ride motorcycles are decent, law-abiding citizens, the remaining 1 percent or 5 percent, depending on the figures, are those self-chartered groups who decide that they are going to transcend societal norms, that they are going to go out and form their own code of conduct and under that code of conduct they are responsible only to themselves.

Those individuals who operate outside the law by their own admission and design call themselves a 1 percenter. A 1-percent gang meaning we are outside society's laws, we don't care about the legitimate interest of cycling, we are here to make money—in illegal profitmaking conspiratorial crimes. That is the differentiation.

Senator **NUNN**. So you would not put some group in that category of outlaw gang if they just have a few of their members that commit incidental crimes?

Mr. **KATZ**. No, sir. We realize that any organization can have people within its ranks that are bad apples and one obviously cannot say that the whole barrel of apples is bad because of one apple. The difference with an organized outlaw motorcycle gang like the ones we are talking about here in the big four gangs is that they exist for the criminal gain.

Most of their members are not what one would consider lawfully employed nor are they likely to be because they make too much money in these illegal ventures—drugs and other conspiratorial crimes.

Senator **NUNN**. Thank you.

Mr. **KATZ**. The outlaw motorcycle gangs that, in spite of their size when one considers if they have approximately 4,000 members in the large gangs that we are talking about, they also have what we call associates who are not uncommon in any organized crime group. That is those associates which are approximately 10 people for every actual gang member, are the ones that they—the gang—use for their ill-gotten gain.

These associates might be prostitutes that they operate, drug dealers, drug manufacturers, thieves, persons that they can touch into, to get illegal criminal activity accomplished.

[At this point, Senator Cohen entered the hearing room.]

Mr. **KATZ**. I would say that organized crime has often been referred to, as we talked about earlier, as traditional organized crime or the Mafia. However there is a new realm, a new addition to them. Ralph Salerno, a retired New York City police officer who wrote "The Crime Federation," stated in a lecture, that I was privileged to attend, that organized crime is defined as a self-perpetuating continual criminal conspiracy for profit and power using fear and corruption which seeks immunity from the law.

When asked, Mr. Salerno specifically stated that outlaw motorcycle gangs are recent additions to the realm of organized crime. Through their structure and their continuing profit-moded activities in the criminal realm outlaw motorcycle gangs are now in the same era, if you will, as the Mafia was during the 1920's and 1930's. The Mafia supplied illicit whiskey during prohibition, the outlaw motorcycle gangs now supply, distribute, and manufacture methamphetamines and phencyclidine. They import and distribute cocaine and marihuana as well as the other drugs.

Gangs are uniquely suited for the distribution of drugs and stolen property. If one considers that they are efficient because of their structure that they can collect their debts based on their fearsome reputation and they can drive competition out of business. Their desire to expand in the lucrative drug trade is the reason that they are now in virtually every area of the United States and across the provinces of Canada.

Whereas it used to be unusual to see a motorcycle gang member on anything but a motorcycle, today because of the amount of money that these gangs can garner we frequently see them in large luxury automobiles, sports cars, and as travel has now become air oriented, they are observed at airports traveling for their own gain and the gain of their club.

Motorcycle gangs are more sophisticated than organized crime was in the 1930's. Because of that they are more fearsome than the gangs of their previous era, the Mafia if you will. Members from the Hell's Angels, Pagans, Outlaws, and Bandidos also interrelate with traditional organized crime, or the Mafia, where they perform murders for hire, contracts for arsons or assaults, loan sharking, and even arson.

In some cases these activities, these contracts have been directed against other nontraditional organized crime groups or other traditional organized crime groups.

Women play an important role in the illicit activities of a motorcycle gang but they are treated the way any other possession of the gang member or the gang is treated. Women are considered mere property of the gang. They are things that can be bartered, traded, or sold. Gang members use these women as prostitutes, topless dancers, street level narcotics distributors, in an effort to insulate themselves from prosecution.

It also falls in line with these gang members' philosophy that they shouldn't have to earn a legitimate income when they have someone else that will do it for them. Also these women have been placed in sensitive areas of law enforcement. They have been placed in courthouses, police department communications and criminal records sections, the State motor vehicle administrations, and even the telephone company.

Outlaw gangs have also grown in sophistication in terms of investment and legitimate business using extortion. In one California county it became apparent that members of the Hell's Angels and their associates had gained a monopolistic control over the mobile catering business. Rivals were either bought out, scared out, or burned out.

Bandidos members have recently been known to own nightclubs in their own names and others around large Texas cities and Outlaw motorcycle gang members own or operate, with hidden interests, bars, massage parlors and other activities. They even have gone into the motorcycle repair business which provides them with a number of areas in which to distribute narcotics and stolen property. It also provides them with the opportunity to engage in legitimate employment when they need a place for a parole or probation purpose.

Outlaw motorcycle gangs across the United States have become markedly sophisticated in weaponry. It is not unusual to find that they have plastic explosives, antitank, and antiarmor weapons, remote control detonators for explosives; they have begun to wear soft body armor or bulletproof vests. Many times these vests are of a better quality than those that are issued to law enforcement officers. These gangs have also developed the ability to detect electronic surveillance devices and they utilize scanners to monitor police frequencies in the area in which the gang operates.

The growth of outlaw motorcycle gangs within the United States and Canada is continuing daily. These gangs have engaged in warfare, specifically in the State of North Carolina, between the Hell's

Angels and Outlaws for control of prostitution and the illegal drug market around Charlotte, N.C. These gangs are growing and at an alarming rate, through mergers, intimidations, or absorption the gangs are continuing to direct their attention toward that national focus of direct control over specific conspiratorial criminal areas.

Unfortunately the gang problem has been ignored for too long. There must be an immediate national response, of which I believe this subcommittee is the first stage, to check the growth of these violent criminal organizations.

I appreciate the opportunity to appear before the subcommittee today and I welcome any questions that will clarify any of the material in the statement.

Senator RUDMAN. Thank you very much.

I believe we will follow your procedure of having each of you summarize your statement and then we will ask you questions at the end of your summary. We appreciate it if you would summarize those statements.

So if you would like to go ahead, either one of you, as you choose. Would you identify yourself for the record, please?

Mr. ELLIS. Mr. Chairman, I am pleased to take this opportunity to appear today before the Permanent Subcommittee on Investigations.

My name is George Ellis, I am with the Pennsylvania State Police assigned to the criminal investigation unit.

I am assigned to the criminal investigation unit, detailed to the major crimes task force of the Delaware County District Attorney's Office.

After graduation from the Pennsylvania State Police Academy in 1970, I was assigned to patrol duties until 1973. At that time I was assigned to the criminal investigation unit and I have been detailed to the major crimes task force since 1976.

My training with the Pennsylvania State Police has included courses covering homicide investigation, organized crime, outlaw motorcycle gangs, and numerous other topics. I have testified on the activities of outlaw motorcycle gangs before the House Republic Research Committee in Philadelphia, Pa. I have taught and lectured at the Pennsylvania State Police Academy and the Municipal Police Academy at Delaware County Community College.

The Pagan Motorcycle Club has traditionally maintained a strong presence in the Delaware Valley region, which includes Philadelphia and surrounding counties. This presence dates from the late 1960's to the present.

Law enforcement pressure from the Maryland State Police in the early to mid-1970's caused the Pagan Motorcycle Club to shift their strength and base of operations. In late 1975 or early 1976, the Pagan Motorcycle Club moved their national headquarters into Marcus Hook, Delaware County, Pa., where the then president, John Vernon Marron, controlled the Pagan Motorcycle Club and for all practicality, controlled the environment in Marcus Hook.

This location was geographically ideal, due to the access to three States—Pennsylvania, New Jersey, and Delaware, all within several miles of one another. In addition, Delaware County, Pa., had a fragmented police system with 42 different departments. Consequently, there was a definite lack of police coordination which benefited the Pagan Motorcycle Club.

In September 1976, the national headquarters of the Pagan Motorcycle Club was raided. As a result of this raid, evidence was seized and arrests were made. This marked the beginning of the decline of the presence of the Pagan leadership in Delaware County.

As a result of a centralized concentrated law enforcement effort, the club is no longer headquartered in Delaware County. However, the Pagans still maintain a strong presence, and their illicit activities continue to present problems to law enforcement. The Pagans also maintain chapters in the counties surrounding Philadelphia and are currently attempting to establish additional chapters in outlying counties.

The law enforcement community lacked information about outlaw motorcycle gangs. Consequently, this created a situation whereby the Pagans' illicit criminal schemes flourished. Only by educating the various police departments and coordinating criminal intelligence were we able to deal with these problems. The criminal activities of the Pagans ranged from minor crimes up to and including murder. The major crimes task force has documented cases involving major narcotics networks, gambling, major auto and motorcycle theft rings, trafficking in explosive devices and weapons, assault, murder, and numerous other cases involving lesser crimes.

The Pagan Motorcycle Club has traditionally been involved in the manufacture and distribution of PCP and methamphetamine throughout the east coast. The Pagan Motorcycle Club controls a major portion—estimated at approximately 60 percent to 70 percent—of both the manufacture and distribution of PCP in the Delaware Valley region. These figures are supported by the fact that, within the last 4 years, at least six Pagan or Pagan-related PCP labs have been raided by the Drug Enforcement Administration, Pennsylvania State Police, Maryland State Police, and the Federal Bureau of Investigation. The distribution of methamphetamine by the Pagans is estimated to be approximately 30 percent to 50 percent in the surrounding Delaware Valley area.

[At this point, Senator Rudman withdrew from the hearing room.]

Mr. Ellis. Motorcycle theft and vehicle identification number [VIN] alteration are controlled by the Pagan Motorcycle Club. The Pagan Motorcycle Club uses the Harley Davidson motorcycle exclusively, and consequently all or most recoveries involve the Harley Davidson. The fact that various members of the Pagan Motorcycle Club throughout the east coast either own or operate private motorcycle shops supports law enforcement's contention that the vehicle for stolen parts distribution exists in these shops. Recent raids in Upper Darby, Delaware County, Pa., and in Cecil County, Md., have uncovered stolen motorcycles and stolen parts. In one case alone, the recovery value has exceeded $120,000.

Recovery of Harley Davidson motorcycles with altered vehicle identification numbers was considered a routine result of traffic checks involving members of the Pagans. At one time, law enforcement authorities estimated that upward of 50 percent to 60 percent of all motorcycles owned by members of the Pagan Motorcycle Club were stolen with altered identification numbers. Recovery in Pennsylvania, Maryland, Delaware, and New Jersey supports this contention.

The Pagan Motorcycle Club has always trafficked in explosive devices and weapons. This is due to the monetary value gained and the fact that, in general, outlaw motorcycle gangs are violent and must protect their territory against other encroaching outlaw motorcycle gangs. Also, these groups use violent methods to intimidate witnesses, obstruct justice and commit murder. Raids in Delaware County support the fact that the Pagan Motorcycle Club possesses automatic weapons, plastic explosives, dynamite, handgrenades, blast simulators for the cruise missile system, and every size and type of firearm normally available to the general public. The most recent case involved the recovery of homemade bombs from a Pagan member who was wanted for the attempted murder of a law enforcement officer.

There are numerous documented cases of murder involving members of the Pagan Motorcycle Club throughout the east coast. In Delaware County, Pa., there are at least three unsolved murder cases under investigation by members of the major crimes task force, related to the Pagan Motorcycle Club above.

Mr. Chairman, I would like at this time to introduce certain exhibits, search and arrest warrants involving stolen motorcycle parts, narcotics, and stolen property.

Senator NUNN. Without objection, they will be admitted to the record and numbered appropriately by the clerk.

[The material referred to was marked "Exhibit No. 7," for reference, and follows:]

EXHIBIT NO. 7

Commonwealth of Pennsylvania
COUNTY OF DELAWARE
} ss:

APPLICATION FOR
SEARCH WARRANT
AND AFFIDAVIT

WARRANT CONTROL No. A 29689

DATE OF APPLICATION

INVENTORY No. A 14822

Tpr. Frank E. PAWLOWSKI #4282 Pa. State Police 459-4150
(Name of Affiant) (Police Department or address of private Affiant) (Phone No.)

being duly sworn (or affirmed) before me according to law, deposes and says that there is probable cause to believe that certain property is evidence of or the fruit of a crime or is contraband or is unlawfully possessed or is otherwise subject to seizure, and is located at particular premises or in the possession of particular person as described below.

ENTIFY ITEMS TO BE SEARCHED FOR AND SEIZED (be as specific as possible):
rihuana, Phencyclidine (PCP), Drugs, drug paraphornalia, contraband, monies gained a e result of drug transactions, items showing constructive possession of the abov ntraband such as utility bills, rent receipts, personal letters and other rsonal identification.

ECIFIC DESCRIPTION OF PREMISES AND/OR PERSONS TO BE SEARCHED (Street and No., Apt. No., Vehicle, Safe Deposit Box, etc.):
pt. D204, Tunbridge Apartments, Glen Riddle Road, Middletown Twp., Delaware Co., P urther described as a residential apartment situated on the second level of Bld D". The entrance to same is on the right side, after entering through doorway #2

AME OF OWNER, OCCUPANT OR POSSESSOR OF SAID PREMISES TO BE SEARCHED (If proper name is unknown, give alias and/or description):
onald Steven CIMOROSE, w/m 36.

OLATION OF (Describe conduct or specify statute):
he Controlled Substance, Drug, Device and Cosmetic Act.
t #64.

DATE OF VIOLATION

OBABLE CAUSE BELIEF IS BASED ON THE FOLLOWING FACTS AND CIRCUMSTANCES (See special instructions below):
This affiant, Tpr. Frank E. PAWLOWSKI, is a member of the Pa. State Police, urrently assigned to the Region II Narcotics Strike Force. I have been so employed for a period in excess of 2½ years.
2. On 23 Jan 81, Tpr. George ELLIS of the Pa. State Police met this affiant and dvised that he had leqrned on 22 Jan 81, through State Police Personnel at he Franklin Center Station, that one Ronald Steven CIMOROSE, w/m 36, had recent y taken up residence at apartment D204 of the Tunbridge Apartments, Glen Ridd oad, Middletown Twp., Delaware County, Pa. ELLIS told this affiant that he is ware of numerous law enforcement intelligence sources on both the Federal and tate level, which indicate that CIMOROSE is both a member of the Pagan Motor-ycle Club and heavily involved in the trafficking of drugs. ELLIS stated that e knows CIMOROSE is currently under investigation for drug trafficking in the ennsylvania, Delaware and Maryland areas by both Federal and State Law Enforce-ent Agencies. ELLIS told this affiant that he is privy to the aforementioned ntelligence information, as for the past 5 years he has been assigned to the

CONTINUED

TTACH ADDITIONAL PAPER (S) COPIES IF NECESSARY ☒ CHECK HERE IF ADDITIONAL PAPER IS USED.

PLEASE READ AND FOLLOW THESE INSTRUCTIONS CAREFULLY

1. If information was obtained from another person, e.g., an informant, a private citizen, or a fellow law officer, state specifically what information was received, and how and when such information was obtained. State also the factual basis for believing such other person to be reliable.
2. If surveillance was made, state what information was obtained by such surveillance, by whom it was obtained, and state date, time and place of such surveillance.
3. State other pertinent facts within personal knowledge of affiant.
4. If "nighttime" search is requested (i.e., 10 P.M. to 6 A.M.) state additional reasonable cause for seeking permission to search in nighttime.
5. State reasons for believing that the items are located at the premises and/or on the person specified above.
6. State reasons for believing that the items are subject to seizure.
7. State any additional information considered pertinent to justify this application.

ATURE OF AFFIANT ADDRESS OF PRIVATE AFFIANT 4282 PSP RegionII Strike Force
BADGE NO. UNIT

LAW ENFORCEMENT OFFICER: WHEREAS, facts have been sworn to or affirmed before me by written affidavit(s) attached hereto from which I have found probable cause, I do authorize you to search the above described premises or person, and to seize, secure, inventory, and make return according to the Pennsylvania Rules of Criminal Procedure, the above described items.

This Warrant should be served as soon as practicable but in no event later ☐ A.M. ☐ P.M. ____ , ____________ , 19____
served only during daytime hours of 6 A.M. to 10 P.M.
Issued under my hand this ______ day of ______________ ,
19____, at ______________ M. o'clock. (Issue time must be stated)
(SEAL)
(Signature of Issuing Au
Mag. Dist. No. ________ Office Address ______________

2. ☐ This Warrant should be served as soon as practicable but in no event later than ______ ☐ A.M. ☐ P.M. ______ ______________ , 19____
and may be served anytime during day or night.
Issued under my hand this _____ day of ______________ .
19____, at ______________ M. o'clock. (Issue time must be stated)
(SEAL)
(Signature of Issuing Authority)
Phone No. ______________

CONTINUATION OF APPLICATION FOR SEARCH WARRANT AND AFFIDAVIT.
WARRANT CONTROL # A29689 - INVENTORY # A14820 PAGE 2

(Paragraph #2 cont.)
Delaware County Major Crimes Task Force of the Delaware County District Attorney's Office. ELLIS'S major responsibility as a member of the task force is to acquire and disseminate intelligence information relative to the illegal activities of outlaw motorcycle clubs, including the Pagan Motorcycle Club. As a result of his 5 years of experience, investigating outlaw motorcycle clubs, ELLIS told this affiant that he can identify many of the members of the Pagan Motorcycle Club by face and by nickname or alias.

3. During the nighttime and early morning hours of 23-24 Jan 81, Tpr. George ELLIS and this affiant conducted a surveillance of the aforemention residence of Ronald Steven CIMOROSE. This affiant and ELLIS observed CIMOROSE, during said surveillance, exit doorway #2 of building "D", Tunbridge Apartments., carrying a number of boxes and a plastic trash bag. The above mentioned officers observed CIMOROSE walk to a trash dumpster and throw the boxes and plastic trash bag onto the dumpster. Same wasa situated at the south end of the parking lot, adjacent to the west side of building D. ELLIS and this affient then watched as CIMOROSE walked back to and enter doorway #2. At this time ELLIS told this affiant, that the subject who threw the trash into the dumpster was CIMOROSE, as ELLIS stated that he recoginized CIMORCSE from photos which he recently viewed of CIMOROSE. This affiant immediately drove to the aforementioned dumpster and removed the boxes and plastic trash bag, which I saw CIMOROSE carry to and place atop the dumpster. Same were placed and locked inside the trunk of this affiant's car, until the trash was examined at the Franklin Center Station. ELLIS told this affiant that he watched the aforementioned dumpster from the time CIMOROSE deposited the boxes and the trash bag, until the time this affiant removed same. And that no other trash was deposited, nor did any individuals go near the dumpster during that time span.

4. At 0700 hrs., 24 Jan 81 Tpr. George ELLIS and this affiant examined the trash referred to in paragraph #3 of this affidavit. The aforementione officers found plastic bags containing white powder residue inside same. Cigarette rolling papers commonly used to roll marihuana cigarettes, 2 lengths of plastic straws which contained white powder residue inside same and a number of partially smoked marihuana cigarettes were also found in said trash. This affiant performed a field test on one of the partially smoked marihuana cigarettes, which proved positive for the presence of marihuana. The field test used was the standard Pa. State Police testing kit. Same is the Narcotics ID Kit manufactured by the Becton-Dickinson Company which has been used by this affiant on at least 20 occasions in the pa st, and has always been reliablo. The evidenc discovered in the trash which was examined by ELLIS and this officer, is indicative of drug trafficking and abuse. And consistent with the training this affiant has received relative to drug identification. In addition to the above evidonce, this officor found a torn piece of paper among other pieces of paper in the plastic bag with CIMOROSE's name on it.

(CONTINUED)

SWORN TO AND SUBSCRIBED TO BEFORE ME
ON JAN 81

AFFIANT

CONTINUATION OF APPLICATION FOR SEARCH WARRANT AND AFFIDAVIT.
WARRANT CONTROL # A29689 - INVENTORY #A14820 PAGE 3

5. During the nighttime and early morning hours of 24-25 Jan 81 Tpr. George ELLIS and this affiant conducted a surveillance of the residence at apt. D204, Tunbridge Apartments. During said surveillance this affiant and ELLIS observed a black Lincoln Continental bearing Pa. Reg. 63226H arrive and park in the lot adjacent to bldg. "D". A white male immediately recoginized by ELLIS as Glenn Joseph TURNER exited said vehicle and was observed by ELLIS entering apt. D204. ELLIS told this affiant that TURNER is a member of the Pagan Motorcycle Club. ELLIS also stated that TURNER has been identified by intelligence sources in the Law Enforcement community as a major trafficker of drugs. A check of Pa. Bureau of Motor Vehicle records through computer by this affiant indicates Pa. Registration Plate 63226H is issued to one Glenn TURNER of 901 Market Street, Marcus Hook, Pa. On 27 Jan 81 ELLIS told this affiant that in viewing intelligence reports, same indicate that TURNER was indicted in U.S. District Court in Baltimore, Md., after law enforcement officers executed a search warrant at his residence and seized quantities of Phencyclidine (PCP), Hashish and methamphetamine, on 29 Sep 76. TURNER was convicted and subsequently sentenced to 5 years incarceration and 2 years probation. Additionally, ELLIS stated that his intelligence reports indicate U.S. Marshalls in Scranton, Pa., arrested TURNER for possession of a controlled substance, marihuana, on 15 Feb 79.

6. On 26 Jan 81 this affiant transported a portion of the trash referred to in paragraphs 3 and 4 of this affidavit to the Bi-County Crime Lab for analysis.

7. During the nighttime and early morning hours of 26-27 Jan 81, Tpr. Gregory PEASE of the Pa. State Police Region II Narcotics Strike Force, and this affiant conducted a surveillance of the aforemnetioned residence of Ronald Steven CIMOROSE. During said surveillance this affiant observed an unidentified white male exit doorway #2 of bldg. D., and walk to a black Ford Torino bearing XXX Maryland registration AJR435, which was parked in the lot adjacent to bldg. "D". This affiant saw the white male remove XX a package the size of a cigar box and hide same under his jacket. The subject then walked quickly from the vehicle after closing the trunk lid from where he removed the package and entered apt. D204. While at the trunk of the car the subject acted suspiciously in that he looked over his shoulder xx a number of times, as if someone was watching him. The subject also appeared startled when the headlights of vehicle which entered the parking lot were suddenly cast on the vehicle and the subject. The identity of this subject is unknown to this affiant, but this affiant has seen him entering and leaving Apt. D204 on a number of occasions during the course of this investigation. In light of this

(CONTINUED)

SWORN TO AND SUBSCRIBED TO BEFORE ME
ON JAN 81

AFFIANT

REORDER FROM F. E. GARLITS & ASSOCIATES, 105 MORGAN AVE., YARDLEY, PA 19068 Phone (215) 493-4571

[illegible] OF THIS FORM, WHEN COMPLETED, IS TO BE ATTACHED TO EACH COPY OF THE SEARCH WARRANTS/AFFIDAVIT

Commonwealth of Pennsylvania
COUNTY OF DELAWARE } SS:

RECEIPT/INVENTORY
OF SEIZED PROPERTY FROM

DATE OF SEARCH: 31-JAN 81
INVENTORY CONTROL NO.: [illegible]32[illegible]
TIME OF SEARCH: 3:25 ☐ A.M. ☐ P.M.
SEARCH WARRANT NO.: 314174

[illegible] CAMPISE (Name) — D204 TUNBRIDGE APTS. CLEAR BROOK RD, MIDDLETOWN, DEL CO (Address)

[illegible] following property was taken/seized and a copy of this Receipt/Inventory with a copy of the Search Warrant and affidavit(s) ☒ personally served on the above named ☐ was left at (describe location at premises) ________________

________________ as required by the Pennsylvania Rules of Criminal Procedure 2008(a)(b).

QUANTITY	ITEM DESCRIPTION	MAKE, MODEL, SERIAL No., COLOR, etc.
-	BLACK CONTAINER CONTAINING BAG(S) SUSPECTED METHAMPHETAMINE (TAKEN FROM TRUNK)	
-	EMPTY BUDWEISER BEER CAN (TAKEN FROM REAR OF ROAD SIDE)	
-	USED AC OIL FILTER	" " " "
-	EMPTY PEPSI SODA BOTTLE	" " " "
-	[illegible] PIECE OF PAPER w/ "3/8-3971 - PARKS" [illegible]	
-	ENVELOPE ADDRESSED TO JOSEPH MILLER	
	[illegible] PAPERS	

The above is a true and correct listing of all items seized and the [illegible] [illegible] to the penal law [illegible] provisions of [illegible]

☐ CHECK HERE IF LISTING CONTINUED ON ADDITIONAL FORM SETS

[illegible] of PSP

[illegible] affirm that the property seized and taken pursuant to and under the authority of the above numbered Warrant is to the [illegible] our knowledge and belief correctly and completely listed above as a just, true and complete Receipt/Inventory.

10. At 1410 hrs., 27 Jan 81, Dr. Thomas LOGAN of the Bi-County Crime Lab telephoned this affiant and advised of his initial findings as a result of the tests he performed on the bags containg residue, which were taken from CIMOROSE's trash on 27 Jan 81. LOGAN stated that he had positively determined the presence of Phencyclidine (PCP), a controlled substance, in one of the trash specimens.

11. During the afternoon hours of 27 Jan 81 Tpr. Gregory PEASE and Det. Joseph O'BERG conducted a surveillance of the CIMOROSE residence at Apt. D204, Tunbridge Apartments. PEASE and O'BERG told this affiant on 27 Jan 81 at 1915 hrs., that during the afternoon hours of this date, they observed a black Lincoln Continental bearing Pa. Registration 63226N parked in the lot adjacent to bldg."D". PEASE and O'BERG stated that they observed a white male entering and leaving apt. D204 a number of times during the afternoon. O'BERG stated that he recognized the white male as Glenn TURNER of Marcus Hook, Pa. O'BERG said he know TURNER from past dealings with him as a law enforcement officer in the Delaware County area. The aforementioned vehicle registration belonging to TURNER, his past drug trafficking history and his association with the Pagan Motorcycle Club are referred to in paragraph #5 of this affidavit.

12. On 28 Jan 81 Tpr. George ELLIS told this affiant that he had identified a previously unidentified white male, who was observed by this affiant and ELLIS on a number of occasions entering and leaving Apt.D204 on 23,24,25 Jan 81. ELLIS identified Kenneth Robert WEAVER w/m 39 through photographs and intelligence sources as one of the subject,who arrived on 23 Jan 81 driving a 1979 Plymouth bearing NJ registration plates 866KIT. ELLIS stated that he check NJ Bureau of Motor Vehicle Files via Uniscope and found that registration plate 866KIT is issued to CDA Contract Inc. PO Box 161, Inwood, NJ. ELLIS further stated that according to his intelligen information, WEAVER owns CDA Contract Inc. WEAVER was observed entering Apt. D204 on 24 Jan 81 at 2105 hrs., by ELLIS and this affiant. WEAVER was observed carrying a small package wrapped in newspaper, walking quickly from the parking lot to apt. D204. While walking WEAVER looked over his shoulder a number of times, as if he was concerned that someone was following him. WEAVER entered apt. D204 and was inside same in the company of Glenn TURNER, referred to in paragraphs #5 and #11 of this affidavit, and Ronald CIMOROSE. ELLIS stated that in viewing WEAVER'S FBI Rap Sheet, same indicated that WEAVER has 2 prior arrests for drug violations. In August of 1979 WEAVER was arrested in Atlantic County NJ for possession of 177 grams of methamphetamine and possession of marihuana. In August,1980 WEAVER was arrested by agents of the Federal Drug Enforcement Administration in Somers Point, NJ, and charged with possession of 320 grams of methamphetamine.

(CONTINUED)

SWORN TO AND SUBSCRIBED BEFORE ME
ON JAN 81

AFFIANT

13. On 23, 24, 25, 26, 29 Jan 81 this affiant conducted surveillances of the residence at D204 Tunbridge Apartments, during both daylight and nighttime hours. During said surveillances this affiant witnessed a constant flow of individuals in and out of apt. D204, at all hours of the night and through the early morning hours. On at least 5 occasions during the above mentioned surveillances, individuals were observed arriving in vehicles and entering apt. D204. Subjects would be observed exiting said apartment, and proceeding to their vehicle or other vehicles parked in the lot adjacent to bldg. "D". This affiant watched as the subjects removed small packages that were secreted under the seats of vehicles, in the wheel wells of trunks, and under the dashboards of vehicles. On each occasion the subject would walk quickly back to apt. D204, acting cautiously and looking in different directions, as if they were concerned or afraid about being followed or discovered by someone. Taking into consideration the late night and early morning hours of most of these episodes, and the furtive and suspicious actions of these individuals; this affiant believes said conduct is consistent with drug related activity. This belief is based on my knowledge and experience as a police officer and narcotics investigator.

14. On 29 Jan 81 this affiant viewed an FBI Rap Sheet which listed the arrest record of Ronald CIMOROSE. Same indicated that CIMOROSE HAS been arrested on two seperate occasions for drug violations. On 23 Jan 74 CIMOROSE was arrested by Pennsville Twp. Police Department, NJ, for possession of a controlled dangerous substance, marihuana. On 1 May 74 CIMOROSE was again arrested by the same police department for possession of a controlled dangerous substance, methamphetamine and amobarbital.

15. During the nighttime and early morning hours of 29-30 Jan 81, Tpr. George ELLIS and Tpr. David ESCALET conducted a surveillance of the residence at apt. D204,Tunbridge Apartments. ELLIS told this affiant that during said surveillance he observed Glenn TURNER arrive at and enter Apt. D204 at 2105 hrs. TURNER's past history of, and arrest record for drug trafficking is referred to in paragraphs #5 and #11 of this affidavit.

16. ELLIS told this affiant on 30 Jan 81 that during the surveillance referred to in paragraph #15 of this affidavit, he observed a white male who he recognized as Charles MC KNIGHT, DOB: 5/14/41 arrive in a Ford truck bearing Pa. Reg. CL94594 and enter apt. D204 at 3:05AM, 30 Jan 81. According to ELLIS MC KNIGHT remained in the residence for a short period of time then exited the apartment and drove from the area. This affiant viewed MC KNIGHT's FBI Rap Sheet on 30 Jan 81 which indicated MC KNIGHT has been arrested for drug related offences on two prior occasions. On 12 Mar 70 MC KNIGHT was arrested by Glenolden Twp. Police, Glenolden, Pa. for possession of narcotics, amphetamines. On 4 May 77 the Federal Drug Enforcement Agency arrested MC KNIGHT in Chester, Pa. for conspiracy to deliver phencyclidine (PCP). A check of Pa. Bureau of Motor Vehicle files

SWORN TO AND SUBSCRIBED TO BEFORE
ME ON Jan XX1981

AFFIANT

CONTINUATION OF APPLICATION FOR SEARCH WARRANT AND AFFIDAVIT
WARRANT CONTROL # A29689 - INVENTORY #A14820 PAGE 7

(PARAGRAPH 16 CONT.)
indicates that Pa. Registration CL94594 is issued to one Charles MC KNIGHT of 2906 W. 3rd St., Chester, Pa. This check was made by this affiant through uniscope computer.

17. On 30 Jan 81 Dr. Thomas LOGAN of the Bi-County Crime Lab told this affiant that he positively determined the presence of methamphetamine in one of the plastic bags which this affiant delivered to his office on 26 Jan 81. Item #7 which contained the methamphetamine residue was found in CIMOROSE's trash on 24 Jan 81 by this affiant and referred to in paragraphs 3,4 and 6 of this affidavit.

18. Due to the aforementioned facts listed in this affidavit, the observations of this affiant and other experienced law enforcement personnel, and the discovery of drug residue and drug related paraphernalia and packaging devices found in CIMOROSE's refuse; this affiant believes CIMOROSE and others are presently storing and selling controlled substances prohibited by law in and from Apt. D204, Tunbridge Apartments. This affiant respectfully requests that a search warrant be issued for the search and seizure of same.

19. This affiant requests that a nighttime search be authorized (Between 10PM and 6AM) due to the fact that this affiant has observed nearly all of the activity occurring and the participants in said activity present during the hours between 10:00 PM and 6:00 AM. This affiant believes this request is necessary for the preservation of the evidence (drugs) in this case.

SWORN TO AND SUBSCRIBED TO BEFORE ME
Jan 81

____________________________ ____________________________
AFFIANT.

CRIMINAL COMPLAINT (POLICE)

[illegible] DEWEY LA ROSA,
[illegible] JUSTICE OF THE PEACE
MAGISTERIAL DISTRICT NO. 32-2-13
211 W.Rose Tree Rd.,Media,Pa.

COMPLAINT NUMBER	YEAR	TYPE NUMBER
		719-81

Complaint Numbers if Other Participants: 805949-4
C.J.Moore,#717-81 B805950-2
A.M.Guittaro,#718-81 B805951-6
[illegible] Turner,#720-81 B 805953-1
R.C.[illegible],#721-81 B805954-2

INCIDENT NUMBER	UCR NO.	OTN
		B 805952-0

CAR 82-11213

COMMONWEALTH OF PENNSYLVANIA
VS.
DEFENDANT:
NAME AND ADDRESS Darrell Steven [illegible] w/m 36
Apt. [illegible], Tunbridge Hts.
Glen Riddle Road
Middletown,Twp., Pa.
R.S.A.
AKA

Tpr. George [illegible]
(Name of Affiant)
of Pa. State Police
residing at Franklin Center Station
do hereby state under oath or affirmation, to the best of my knowledge, information and belief:
(1) ☐ I accuse the above named defendant, who lives at the address set forth above or,
☐ I accuse an individual whose name is unknown to me but who is described as

☐ his nickname or popular designation is unknown to me and, therefore, I have designated him herein as John Doe;
with violating the penal laws of the Commonwealth of Pennsylvania at [illegible]
Glen Riddle Road, Middletown Township
(Place-Political Subdivision)
in Delaware County on or about 31 Jan 81 at approx. 0030hrs.
Participants were (if there were participants, place their names here, repeating the name of above defendant): Darrell Steven [illegible], Glen E. [illegible], Anthony [illegible], Robert C. [illegible], Calvin Lee [illegible], Louis A. MOORE
(2) The acts committed by the accused were: (A) Violation of the Controlled Substance, Drug, Device and Cosmetic Act, Act 64, Criminal Conspiracy and Corruption of Minors, Pa. Crimes Code

that on the above time and date, at the above listed location, the above defendant did knowingly and intentionally possess and possess with the intention to deliver a controlled substance, to wit, methamphetamine, a schedule II controlled substance. Additionally, the above defendant did knowingly and intentionally conspire with the above listed defendants to possess and possess with the intent to deliver said substances.

(REFER TO ATTACHED AFFIDAVIT)

Further that the defendant, being of the age of 18 and upwards, did corrupt the morals of one Annette Kay WILLIAMSON, a child under the age of 18, by allowing same to reside with him and did expose said child to the possession and use of illegal drugs.

all of which were against the peace and dignity of the Commonwealth of Pennsylvania and contrary to the Act of Assembly, in violation of 13a, 903 & 3125 (Section) and Cl. 16 & 30 (Sub-section) of the Act of Pa. Crimes Code
the Ordinance of (Political Sub-division)

I ask that a warrant of arrest or a summons be issued and that the accused be required to answer the charges I have made. I swear to or affirm the within complaint upon my knowledge, information and belief, and sign it on January 31,1981 , ~~197~~ , before Dewey LaRosa,D.J.
(Signature of Affiant)

Personally appeared before me on January 31. , 1981 , the affiant above named who, being duly sworn (affirmed) according to law, signed the complaint in my presence and deposed and said that the facts set forth therein are true and correct to the best of affiant's knowledge, information and belief.

Dewey LaRosa (SEAL)
(Issuing Authority)

AND NOW, on this date January 31. , 1981 , I certify the complaint has been properly sworn to and executed before me, and that there is probable cause for the issuance of process.

32-2-13
(Magisterial District)

Dewey LaRosa (SEAL)
(Issuing Authority)

SUMMONS
(Rule 111)
YOU ARE COMMANDED TO APPEAR BEFORE UNDERSIGNED AT:

	DATE

for a preliminary hearing upon the charges in the above complaint according to law. If you fail to appear at the time and place as shown, a warrant will be issued for your arrest. You have right to be represented by a lawyer.

ISSUED ________

________ (SEAL)
ISSUING AUTHORITY

SERVICE OF PROCESS

Summons served by certified mail, return receipt requested, on the ________ day of ________ 197 ____

________ (Signature) ________ (Title)

Summons returned undelivered on the ____ day of ________ 197 ____

________ (Signature) ________ (Title)

DEWEY LA ROSA, DISTRICT
JUSTICE OF THE PEACE
MAGISTERIAL DISTRICT NO. 32-2-13
[illegible] Media, Pa.

335 717-81

Complaint Numbers if Other Participants
[illegible] 249-
Anthony J. Guittare, 718-81 33059[illegible]
Ronald G. Cip[illegible], 719-81 330592[illegible]
Richard C. [illegible]ichner, 721-81 330595[illegible]

INCIDENT NUMBER	UCR NO.	OTN
		B 305950-5

K2-11215

COMMONWEALTH OF PENNSYLVANIA
VS.

DEFENDANT:
NAME AND ADDRESS: Louis A. M[illegible] W/M 24
Gen. Del. C/O R. Purson [illegible]
Aug Rd.
Chesapeake City
Maryland DOB: 21 Jun 56
R.S.A.
A.K.A.

I, Tpr. George [illegible] (Name of Affiant)
of Penna. State Police
residing at Franklin Center
do hereby state under oath or affirmation, to the best of my knowledge, information and belief:

(1) ☒ I accuse the above named defendant, who lives at the address set forth above or,
☐ I accuse an individual whose name is unknown to me but who is described as

☐ his nickname or popular designation is unknown to me and, therefore, I have designated him herein as John Doe
with violating the penal laws of the Commonwealth of Pennsylvania at Apt. D-204 Dunbridge Apts. Glen Riddle Rd., Middletown Twp. (Place-Political Subdivision)
in Delaware County on or about 31 Jan 81 at 0030 hrs.

Participants were (if there were participants, place their names here, repeating the name of above defendant) Louis A. [illegible], Calvin [illegible], Richard C. [illegible], Ronald G. [illegible], Glen J. [illegible], Anthony [illegible]

(2) The acts committed by the accused were: Ⓐ Violation of the Controlled Substance Drug Device, & Cosmetic Act 64, Possession and Possession with the Intent to Deliver, Section 13-a Cl. 16 & 30, and Section 903 Criminal Conspiracy of the Pa. Crimes Code.

In that on or about the above mentioned date and time the accused did knowingly and intentionally possess and possess with the intention to deliver a controlled substance to wit: Methamphetamine, a Schedule II Controlled Substance. Additionally, the above named defendant did knowingly and intentionally conspire with the above named listed defendants to possess and possess with the intent to deliver said substance.

(REFER TO ATTACHED AFFIDAVIT)

All of which were against the peace and dignity of the Commonwealth of Pennsylvania and contrary to the Act of Assembly, or in violation of 13 a, 903 (Section) and Cl 16 & 30 (Sub-section) of the Act of 1972 and Sect 903 of the Pa. Crimes Code
or the Ordinance of (Political Subdivision)

(3) I ask that a warrant of arrest or a summons be issued and that the accused be required to answer the charges I have made. I swear to or affirm the within complaint upon my knowledge, information and belief, and sign it on January 31, 1981, 197 , before Dewey LaRosa, D.J. (Signature of Affiant)

Personally appeared before me on January 31, 1981, 197 , the affiant above named who, being duly sworn (affirmed) according to law, signed the complaint in my presence and deposed and said that the facts set forth therein are true and correct to the best of affiant's knowledge, information and belief.

Dewey LaRosa (SEAL)
(Issuing Authority)

AND NOW, on this date January 31, 1981, 197 , I certify the complaint has been properly sworn to and executed before me, and that there is probable cause for the issuance of process.

32-2-13
(Magisterial District)

Dewey LaRosa (SEAL)
(Issuing Authority)

SUMMONS
(Rule 111)
YOU ARE COMMANDED TO APPEAR BEFORE UNDERSIGNED AT:

TIME	DATE
PLACE	

for a preliminary hearing upon the charges in the above complaint according to law. If you fail to appear at the time and place, as stated above, a warrant will be issued for your arrest. You have the right to be represented by a lawyer.

DATE ISSUED ____________

(SEAL)
MAGISTERIAL DISTRICT ISSUING AUTHORITY

SERVICE OF PROCESS

Summons served by certified mail, return receipt requested, on the ____________ day of ____________ 197 ____

____________ (Signature) ____________ (Title)

Summons returned undelivered on the ____________ day of ____________ 197 ____

____________ (Signature) ____________ (Title)

OFFENSE REPORT
Police Department

COMPLAINANT Off. J. Ceccola - 61 SERIAL NO. F09279
ADDRESS Upper Darby Police Dept. PHONE FL-2-7050
OFFENSE Act-64,sec.13,cl.30 & 31 REPORTED BY J. Ceccola ADDRESS Police Dept.
PLACE OF OCCURENCE 214 N. Linden ave,Upper Darby,Pa.
REPORT RECEIVED BY disp. AT 10:20 P.M. DATE 3-30-79 19__ HOW REPORTED Pol. radio
DATE AND TIME OFFENSE COMMITTED March 30,1979 / 10:20 P.M. OFFICER ASSIGNED Ceccola & J. Coll
PERSONS ATTACKED Commonwealth
PROPERTY ATTACKED
VEHICLE USED
PERSONS ARRESTED Anthony Menginie 111, 214 N. Linden ave,Upper Darby,Pa. 8-31-51

At approximately 7:33 P.M. on March 30,1979 officers W.Johnson and John Grimes responded to a call at the above location that there had been a shooting. The above officers arrived and a white male,now known to be Anthony Menginie, on the front lawn at 206 N. Linden ave. He stated to the officers his brother Russell had shot him 3 times and that he was inside his (Anthony home at 214 N. Linden. The officers entered and saw Russell slumped in the hallway upstairs. The above officers observed a bag of white powder in the front bedroom along side a scale on the dresser. They also observed a large brown paper bag in one of the closets containing a greenish plant matter. At this time this officer was radioed to go to the scene. Upon my arrival I als observed the above suspected drugs.

At this time this officer returned to police headquarters and made application for a search and seizure warrant. This warrant was signed and se ed by district judge Martin.J. Kerns warrant # C13647 at approx. 10:00 P.M. This officer then preceded to the above location and began a search of the premises. Confiscated during the search was approx. 4 lbs. of suspected Ange Dust, 4 bags with white powder,suspected methamphetamine, approx. 1½ lbs., paraphernalia such as scales, bags, money,pipes,numerous pills and capsules.

A warrant will be made out for Anthony Menginie and served when he ready to leave Delaware County Hospital, where he is in Intensive Care with 3 gunshot wounds. Present at the home during the search was his father Anth Menginie senior. Also confiscated from the premises were numerous rifles an handguns. See Detective report # 2. (Bratsis)

THIS OFFENSE IS DECLARED:
UNFOUNDED ☐
CLEARED BY ARREST ☐
EXCEPTIONALLY CLEARED ☐
NOT CLEARED ☐

SIGNED Joseph Ceccola Joseph Ceccola DATE 3-31-79
INVESTIGATING OFFICER

SIGNED ______ DATE ______
CHIEF OR COMMANDING OFFICER

FORM NO. 2

SUPPLEMENTARY OFFENSE REPORT
Police Department

OFFENSE Act-64,sec.13,cl.30&31 SERIAL NO. F09-279

COMPLAINANT Off. Joseph Ceccola - 61

ADDRESS Upper Darby,Police Dept.

ADDITIONAL DETAILS OF OFFENSE, PROGRESS OF INVESTIGATION, ETC.

This is a further report as to the above incident at 214 N. Linden Ave. Upper Darby, the residence of Anthony Menginie 111.

On March 31,1979 at approximately 7:40 P.M. a search warrant was issued by district justice Martin J. Kerns # C14164, for a Meilinke Safe that was confiscated at the above location on March 30,1979, along with controlled substances and paraphernalia. The safe was not opened until this time because of the assurance from Mr. Anthony Menginie that he would bring this officer the combination so no damage would be done in attemptin to open it without said combination.

Present during the opening were Lt. W.Gordon,Sgt. John Collins, officers J. Pinto-20 and this officer. Also present was D.A. John Reilly and Mr. Anthony Menginie sr.

Found in the safe was $ 17,985.00 in U.S. currency, which was taken as evidence in the above matter. Property receipts were given to Mr. Menginie for the monies.

For any further details refer to Off. Ceccola's # 2 report and Detective N. Bratsis's report # 2.

THIS OFFENSE IS DECLARED:
UNFOUNDED ☐
CLEARED BY ARREST ☐
EXCEPTIONALLY CLEARED ☐
INACTIVE (NOT CLEARED) ☐

SIGNED Joseph Ceccola DATE 4-2-79
INVESTIGATING OFFICER

SIGNED DATE
CHIEF OR COMMANDING OFFICER

This form is used by officer assigned to a case to report progress after three and seven days and weekly thereafter, also to report significant developments

FORM NO. 3

SUPPLEMENTARY OFFENSE REPORT
Police Department

OFFENSE Act 64 SERIAL NO F09279
COMPLAINANT Sgt J Collins
ADDRESS Upper Darby Police Dept 7236 West Chester Pik

ADDITIONAL DETAILS OF OFFENSE, PROGRESS OF INVESTIGATION, ETC

As a result of a radio message at 7.33 PM Friday March 30th of a Shooting at 214 N Linden A Upper Darby Pa. I responded along with Officer A Eisenhuth # 87 who was with me at the Time When I arrivied I was met by Sgt W Frisch & Officer J Grimes # 128 who stated that Russell Manginie had shot his brother Anthony Menginie and then shot himself in the head. Officer Grimes stated that their was drugs on the dresser in the front bedroom along with a scale & several plastic bags.I went upstairs with officer Grimes & Officer Johnson and checked the upstairs for anyone else hidding. When we looked in the frontbedroom closet ,the closet on the right had a M-16 Rifle fully loaded and on the floor was a plastic bag with suspected Methamphine.A 25 Cal Auto,was found in a open night table drawer.Russell Menginie was layi against the wall at the doorway leading into front bedroom and Anthony Menginie was outsid a neighbor's lawn.I contacted Officer J Ceccola and told him what had happened and told hi obtain a search warrant.A short time later Officer J Ceccola arrivied with a search warran Officer J Grimes & Johnson and Officer Higgins & Pinto and mysely began a search of all th rooms. A large amount of Methampine along with about 3 lbs of Angel Dusk was found in the front bedroom along with several different kinds of pills. In the left rear bedroom was a boxes of Motor-Cycle parts and in one of these boxes was a large amount of different kinds Coke paraphernalia,also several Power hitters were found in the same box. A search of the front bedroom turned up a 9mm Automatic & a 38 Cal.Over & Under Deringer and a 22 Blank gu Numerous other items were found during this search and for a complete list of the items where they were found refer to the Receipt and Inventory List (Inventory Control Number A24057) attached to this report.

This Officer contacted the Belmount Barricks of the Penna.State Police in regards to the Motor-Cycle's and Motor Cycle's Parts found at the scene. Penna.State Police Tropper Elli along with Assit.Dist. Attorney John Reilly arrivied a short time latter and took charge investagation of the Motor-Cycle's and Motor-Cycle Parts. A safe was also taken from fron bedroom right closet.All article's listed on search warrant were returned to the station and tagged,and all Drugs will be sent to Delaware County Crime Lab,and all Firearms will sent to Delaware County Crime Lab Firearms division. Det.Nick Bratsis arrivied a few minu after I did and took charge of the crime scene.

THIS OFFENSE IS DECLARED:
UNFOUNDED ☐
CLEARED BY ARREST ☐
EXCEPTIONALLY CLEARED ☐
INACTIVE (NOT CLEARED) ☐

Sgt J Collins
SIGNED Sgt J Collins DATE 3/31/79
INVESTIGATING OFFICER

SIGNED ____ DATE ____
CHIEF OR COMMANDING OFFICER

This form is used by officer assigned to a case to report progress after three and seven days and weekly thereafter, also to report significant developments

FORM NO. 3

BI-COUNTY CRIME LABORATORY
LIMA, DELAWARE COUNTY, PENNSYLVANIA 19037

FRANK T. HAZEL
District Attorney
Delaware County

PETER STRICKLER, *Director*

Telephone:
215-891-7381

WILLIAM H. LAMB
District Attorney
Chester County

CASE C.S. Drug, Device and Cosmetic Act
VICTIM Comm. of Penna.
ACCUSED
SUSPECT Anthony Menginie
PLACE Upper Darby twp.
DATE 3-30-79

LAB REPORT 79-423
REPORT DATE 4-6-79
INCIDENT NO. F09-279

FROM Sgt. Collins, Upper Darby P.D.
DATE 4-3-79

ITEMS

1. One large yellow trash bag containing parsley 1½ lbs.
   LAB REPORT: Negative

2. Two jars containing 145 blue/orange capsules Lilly F66
   LAB REPORT: Secobarbital, Amobarbital C.D.II

3. One plastic bag containing 50 black capsules (127)(335)
   LAB REPORT: Caffeine

4. One plastic bag containing tan powder 30.2 grams
   LAB REPORT: Methamphetamine C.D.II

5. One plastic bag containing tan powder 111.9 grams
   LAB REPORT: Methamphetamine C.D.II

6. One plastic bag containing tan powder 27.9 grams
   LAB REPORT: Methamphetamine C.D.II

7. One plastic bag containing 7 strips of blue tablets
   70 tablets total
   LAB REPORT: Diazepam C.D.IV

8. One plastic bag containing 20 blue pills
   LAB REPORT: Diazepam C.D.IV

9. One plastic bag containing 200 blue tablets
   LAB REPORT: Diazepam C.D.IV

10. One plastic bag containing :
    4 blue tablets
  LAB REPORT : Diazepam C.D.IV
    2 football shaped pink tablets
  LAB REPORT: Caffeine

11. One plastic bag containing:
    13 blue speckled capsules (697), 3 yellow capsules RJ8, one oblong white speckled tablet
  LAB REPORT: Caffeine
    One white tablets Rorer 714
  LAB REPORT: Methaqualone C.D.II

12. One black/gray film container with 50 blue pills
  LAB REPORT: Diazepam C.D.IV

13. One plastic bag containing a blue bottle of powder
  LAB REPORT: Denture powder

14. One plastic bag containing a bottle of powder
  LAB REPORT: Vitamin C

15. Two plastic bags containing white powder 1 3/4 lbs.
  LAB REPORT: Phenylpropanolamine

16. One dessicator containing white chunks in the bottom
  LAB REPORT: Dessicant

17. One plastic bag containing 87 paper packs of powder
  LAB REPORT: Mannitol (each pack - 8.5 grams

18. One brown bottle containing white powder residue
  LAB REPORT: Mannitol

19. One plastic bag containing a yellow dish
  LAB REPORT: Negative

20. One vial containing 2 brown speckled capsules (127) and 6 square white/pink speckled tablets
  LAB REPORT: Caffeine

Lab Report: 79-423 con't

21. One Roche bottle containing 26 blue pills ,Roche 10
LAB REPORT: Diazepam C.D.IV

22. One bottle containing 25 dark purple pills W/C 180
LAB REPORT: Phenazopyridine

23. One plastic bag containing 5 green pills
LAB REPORT: Dexbrompheniramine and Isoephedrine

24. One vial containing:
3 oblong tablets green speckled
LAB REPORT: Caffeine
One pale orange pill (Endo 132)
LAB REPORT: Acetominophen, Phenyltoloxamine
One pink capsules PD 373
LAB REPORT: Diphenhydramine
One 3 sided orange tablet (SKF)
LAB REPORT: Dextroamphetamine C.D.II
Two pink tablets
LAB REPORT: Dextroamphetamine C.D.II

25. One tin foil packet containing cystalline powder 0.2 grams
LAB REPORT: Ephedrine

26. One vial containing 2 white/blue capsules PD 372
LAB REPORT: Pentobarbital & Carbromal C.D.II

27. One vial containing 9 pink pills BMP 146
LAB REPORT: Oxyphencyclimine and Phenobarbital C.D IV

28. One vial containing 20 blue pills
LAB REPORT: Diazepam C.D.IV

29. One plastic bag containing seeds
LAB REPORT: Marijuana C.D.I

30. One manilla envelope containing green plant matter 1.2 grams
LAB REPORT: Marijuana C.D.I

DISPOSITION OF EVIDENCE:

Given to E. Ryan #53 on 4-13-79

Karen M. Trembicki
Karen M. Trembicki, Chemist I

LABORATORY EVIDENCE RECEIPT	OFFICE OF THE DISTRICT ATTORNEY DELAWARE COUNTY COURT HOUSE MEDIA, PENNSYLVANIA 19063 TEL. 215 LO [illegible]		
TYPE: spital Case-DOA-VUFA	LOCATION (CITY, BORO, TWP/COUNTY): Upper Darby Township Police	INCIDENT NO.: F 09236	DATE RECEIVED: March 30, '79
VICTIM: ssell Menginie-Anthony Menginie	ENFORCEMENT AGENCY: Upper Darby Township Police		
ACCUSED/SUSPECT: ooting and Suicide	RECEIVED FROM: Detective Nicholas E. Bratsis		
SUBMIT REPORT TO: (INCLUDE ADDRESS) 236 West Chester Pike, Upper Darby, Penna. 19082			DATE REQUIRED:

ITEM NO.	QUANTITY	DESCRIPTION
1	One	Cross Bow - No model or serial numbers
2	One	Colt AR-15, Cal:223 - Model #SP-1, serial #SP60790
3	One	Winchester Shotgun, 12 ga, model #1400, serial #N567895
4	One	Raven Arms, 25 caliber auto. - model #P-25, ser. #066075
5	One	S & W Deringer, chrome plated, over & under, 38 caliber, serial #D61083
6	One	Star, 9 mm, automatic, serial #1351599
7	One	Brazil 12 ga. shotgun, single shot, serial #364845
8	One	Remington, 30-06 caliber, Pump Rifle w/Redfield Scope serial #7452453
9	One	Sears Roebuck, 22 caliber Rifle, Model #3T, ser. #R202526
10	One	Remington, 30-06 caliber, Pump Mod. #760, ser. #B7042737
11	One	Volunteer Enterprise Inc., semi automatic rifle, 45 caliber, Commando Mark #5, serial #31377
12	One	Iver Johnson Rifle, 44 caliber, serial #4702
13	One	Charter Arms, AR #7, 22 caliber Rifle, serial #A57113
14	One	J. Stevens Arm Rifle, model #59.A 410 Bore, no serial #.
15	One	Ruger, 22 caliber, black steel pistol, serial #62-85462
16	One	Spanish made Pistol, 32 caliber, serial #23989
17	One	Plainfield Machine Gun, 30 caliber, M1, serial #70482
18	One	Mondial, 22 caliber, Blank Pistol, no serial number
19	One	Madison Import Corp., 22 cal. revolver, serial #598231

REQUEST:

All weapons confiscated at 214 North Linden Avenue in Upper Darby, Penna. on March 30th, 1979 by Upper Darby Police who were investigating a shooting and apparent suicide.

Please examine and test fire where appropriate and make any test comparisons

	DATE:	RECEIVED:

LABORATORY EVIDENCE RECEIPT

CRIMINAL INVESTIGATION DIVISION
OFFICE OF THE DISTRICT ATTORNEY
DELAWARE COUNTY COURT HOUSE
MEDIA, PENNSYLVANIA 19063
TEL: 215 LO 6-8700

DATE RECEIVED:

LAB. NO.: 19 1/23

OFFENSE: Act-64

LOCATION: (CITY, BORO, TWP/COUNTY) Upper Darby Township

INCIDENT NO.: F09-279

DATE OCCURRED: 3-30-79

VICTIM: Commonwealth of Pa.

ENFORCEMENT AGENCY: Upper Darby Police / Narcotics Div.

ACCUSED/SUSPECT: Anthony Menginie

RECEIVED FROM: J. Ceccola - 61 / Upper Darby Narcotics

SUBMITTED BY (INCLUDE ADDRESS): Ceccola - 61 / Upper Darby Police Dept.

DATE REQUIRED: A.S.A.P.

Upper Darby Police Narcotics Case No. D - 32 *Transported to Lab by:*

ITEM NO.	QUANTITY	PAGE - 1 DESCRIPTION
1	1	Large yellow trash bag containing suspected Angel Dust.
2	2	Jars containing approx. 145 blue & orange capsules susp. Tuinals.
3	1	Plastic bag containing approx. 50 black capsules.
4	1	Plastic bag containing a white powdery substance.
5	1	Plastic bag containing a large quatity of white powdery substance.
6	1	Plastic bag containing a white powdery substance.
7	1	Plastic bag containing approx. 70 half scored green tablets.
8	1	Plastic bag containing approx. 20 half scored blue pills.
9	1	Plastic bag containing approx. 200 half scored blue tablets.
10	1	Plastic bag containing 6 assorted pills.
11	1	Plastic bag containing a) 20 blue pills. b) 3 yellow pills. c) 2 white pills.
12	1	Plastic bag containing black film cannister with numerous blue table
13	1	Plastic bag containing blue bottle with white powdery substance.
14	1	Plastic bag containing plastic vitamin bottle with white powder.
15	1	Plastic bag containing 2 bags with white powder.
16	1	Plastic bag with glass bowl containing white chunks.
17	1	Plastic bag containing 87 packs marked Mannite.
18	1	Plastic bag containing brown glass bottle with white powder residue.
19	1	Plastic bag containing yellow dish with residue.

Please analize above and submitt written report and amounts of eqch.

Thank you,
Joe Ceccola - 61

SIGNATURE: DATE: RECEIVED:

LABORATORY EVIDENCE RECEIPT

CRIMINAL INVESTIGATION DIVISION
OFFICE OF THE DISTRICT ATTORNEY
DELAWARE COUNTY COURT HOUSE
MEDIA, PENNSYLVANIA 19063
TEL: 215 LO 6-6730

DATE RECEIVED:

LAB. NO.: 79 4[illegible]

OFFENSE: Act-64

LOCATION: (CITY, BORO, TWP/COUNTY) Upper Darby Township

INCIDENT NO.: F09-279

DATE OCCURRED: 3-30-79

VICTIM: Commonwealth of Pa.

ENFORCEMENT AGENCY: Upper Darby Police / Narco Div.

ACCUSED/SUSPECT: Anthony Menginie

RECEIVED FROM: J. Ceccola - 61 / Upper Darby Police Dept.

[illegible] (INCLUDE ADDRESS): J. Ceccola / Narcotics Div. / Upper Darby Police Dept.

DATE REQUIRED: A.S.A.P.

[illegible] Case No. D-32 *Transported to Lab by:*

ITEM NO.	QUANTITY	PAGE - 2 DESCRIPTION
20	1	Plastic bag containing clear plastic bottle with 6 white square pills and 2 brown capsules.
21	1	Plastic bag containing Roche bottle with 26 blue pills.
22	1	Plastic bag containing prescription bottle with numerous purple pills.
23	1	Plastic bag containing bottle with 5 green pills.
24	1	plastic bag containing bottle with assorted pills.
25	1	Plastic bag containing a piece of tin foil with white crystal powder.
26	1	Plastic bag containing brown prescription bottle with 2 blue & white capsules.
27	1	Plastic bag containing prescription bottle with 9 pink pills.
28	1	Plastic bag containing presc. bottle with 20 blue pills.
29	1	Plastic bag containing suspected marijuana seeds.
30	1	Plastic bag containing brown envelope with suspected marijuana.

DELAWARE COUNTY
CRIME LABORATORY
APR 3 11 10 AM '79
RECEIVED
BY: KT

Thank you

Joe Ceccola

SIGNATURE: DATE: RECEIVED:

Commonwealth of Pennsylvania
COUNTY OF DELAWARE
ss:

SEARCH WARRANT
AND AFFIDAVIT

WARRANT CONTROL No. C 26303

DATE OF APPLICATION 31 Mar 79

INVENTORY No. A24272

Tpr. Glenn HILL, Pennsylvania State Police, Phila, Pa. TR7-4500
(Name of Affiant) *(Police Department or address of private Affiant)* *(Phone No.)*

being duly sworn (or affirmed) before me according to law, deposes and says that there is probable cause to believe that certain property is evidence of or the fruit of a crime or is contraband or is unlawfully possessed or is otherwise subject to seizure, and is located at particular premises or in the possession of particular person as described below.

IDENTIFY ITEMS TO BE SEARCHED FOR AND SEIZED *(be as specific as possible)*: Registration plates, titles, serial number plates, stamping devices, paperwork used to title motor vehicles, notary seals, transfer certificates (RMV-115), motorcycle frames, motorcycle engines, motorcycles, motorcycle parts, papers photos, and correspondence, contraband used to alter the VIN number, replate the VIN number, an offer for sale the motorcycle and or parts.

SPECIFIC DESCRIPTION OF PREMISES AND/OR PERSONS TO BE SEARCHED *(Street and No., Apt. No., Vehicle, Safe Deposit Box, etc.)*: 214 North Linden Avenue, Upper Darby Twp., Delaware County, Penna., a two story twin home with white siding, an open porch, a common drive with a detached white garage and the surrounding property of 214 N. Linden Avenue, Upper Darby, Pa.

NAME OF OWNER, OCCUPANT OR POSSESSOR OF SAID PREMISES TO BE SEARCHED *(If proper name is unknown, give alias and/or description)*: Anthony MENGINIE

VIOLATION OF *(Describe conduct or specify statute)*: Title 18, Pennsylvania Motor Vehicle Code sections 7103 (F-3) Dealing in vehicles with removed or falsified numbers, section 1111 A&B Transfer of ownership of vehicle, Receiving Stolen Property, section 3925 Tampering with records or identification, section 4104

DATE OF VIOLATION 31 Mar 79

PROBABLE CAUSE BELIEF IS BASED ON THE FOLLOWING FACTS AND CIRCUMSTANCES *(See special instructions below)*:

On 30 Mar 79, Upper Darby Twp Police Department served a search warrant at 214 N. Linden Ave., Upper Darby, Penna (Warrant # C13647), issued by Magistrate Martin J. KERNS at 1115 P.M. for violation of the Act 64, The Controlled Substance, Drug, Device and Cosmetic Act. The search conducted by the Upper Darby Police resulted in the confiscation of a Pennsylvania Special number plate which was issued on 8/15/78 for a Harley Davidson Motorcycle, serial number SJ 1086 PA, and was located inside the above residence in the buffet in the dining room. The search also produced a Notary seal issued to Richard J. SHAFFER which was located in the buffet in the dining room. Temporary Registration Transfer Certificate (RMV-115) were also located in the buffet of the dining room.

On 31 Mar 79, Tpr. George A. ELLIS, who was inside the residence with the Upper Darby Police pursuant to warrant #C13647, observed and confiscated an open Certificate of Title issued to Joseph A. HASSLER, 1646 Christino Lane, West Chester, penna, title number C22059222, issued to a Harley Davidson Motorcycle, serial number 50FL8414.

ATTACH ADDITIONAL PAPER (S) COPIES IF NECESSARY ☐ CHECK HERE IF ADDITIONAL PAPER IS USED.

PLEASE READ AND FOLLOW THESE INSTRUCTIONS CAREFULLY

1. If information was obtained from another person, e.g., an informant, a private citizen, or a fellow law officer, state specifically what information was received, and how and when such information was obtained. State also the factual basis for believing such other person to be reliable.
2. If surveillance was made, state what information was obtained by such surveillance, by whom it was obtained, and state date, time and place of such surveillance.
3. State other pertinent facts within personal knowledge of affiant.
4. If "nighttime" search is requested (i.e., 10 P.M. to 6 A.M.) state additional reasonable cause for seeking permission to search in nighttime.
5. State reasons for believing that the items are located at the premises and/or on the person specified above.
6. State reasons for believing that the items are subject to seizure.
7. State any additional information considered pertinent to justify this application.

Glenn Hill
Signature of Affiant

PENNA STATE POLICE PHILA, PA.
Address of Private Affiant

3531
Badge No.

PSP, PHILA
District/Unit

Sworn to and subscribed before me this ________ day of ________ 197__. Office Address

________________ (SEAL) Mag. Dist. No. ________
Signature of Issuing Authority

TO LAW ENFORCEMENT OFFICER: WHEREAS, facts have been sworn to or affirmed before me by written affidavit(s) attached hereto from which I have found probable cause, I do authorize you to search the above described premises or person, and to seize, secure, inventory, and make return according to the Pennsylvania Rules of Criminal Procedure, the above described items.

* ☐ This Warrant should be served as soon as practicable but in no event later than ______ ☐ A.M. ☐ P.M. ________________, 19____ and shall be served only during daytime hours of 6 A.M. to 10 P.M.

Issued under my hand this ______ day of ______________,

19____, at ______________ M. o'clock. *(Issue time must be stated)*

(SEAL) ________________
(Signature of Issuing Authority)

** ☐ This Warrant should be served as soon as practicable but in no event later than ______ ☐ A.M. ☐ P.M. ________________, 19____ and may be served anytime during day or night.

Issued under my hand this ______ day of ______________,

19____, at ______________ M. o'clock. *(Issue time must be stated)*

________________ (SEAL)
(Signature of Issuing Authority)

Mag. Dist. No. ________ Office Address ________________ Phone No. ________

Commission Expires ________ Title of Issuing Authority ________________

Commonwealth of Pennsylvania
COUNTY OF DELAWARE } SS:

RECEIPT/INVENTORY

OF SEIZED PROPERTY FROM

DATE OF SEARCH 31 MAR79	INVENTORY CONTROL NO. A 24272
TIME OF SEARCH ☐ A.M. ☐ P.M.	SEARCH WARRANT NO. C 26303

(Name) (Address) 214 N LINDEN AV, UPPER DARBY TWP, DEL CO, PA

The following property was taken/seized and a copy of this Receipt/Inventory with a copy of the Search Warrant and affidavit(s) was ☐ personally served on the above named ☐ was left at (describe location at premises) A TWO STORY TWIN DWLG AT 214 N LINDEN AV, UPPER DARBY TWP, PA. as required by the Pennsylvania Rules of Criminal Procedure 2008(a)(b).

LINE	QUANTITY	ITEM DESCRIPTION	MAKE, MODEL, SERIAL No., COLOR, etc.
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			

☐ CHECK HERE IF LISTING CONTINUED ON ADDITIONAL FORM SETS

I/we ______________________ of ______________________

do swear (or affirm) that the property seized and taken pursuant to and under the authority of the above numbered Warrant is to the best of my/our knowledge and belief correctly and completely listed above as a just, true and complete Receipt/Inventory.

(Signature of Person Issuing Receipt/Inventory) (Printed Name of Person Issuing Receipt/Inventory) (Affiliation) (Badge No. or Title)

SIGNATURE OF WITNESS TO VERIFY ACCURACY OF INVENTORY IN ABSENCE OF OWNER/OCCUPANT OF PREMISES. (Rule 2009(a))

(Signature of Witness) (Print name of witness) (Address of Witness) (Affiliation of Witness) (Badge No. or Title)

(Signature of Person Making Search) (Printed Name of Person Making Search) (Police Department/Unit/Affiliation) (Badge No. or Title)

Rule 2008(a). A law enforcement officer, upon taking property pursuant to a search warrant, shall leave with the person from whom or from whose premises the property was taken a copy of the Warrant and affidavit(s) in support thereof, and a receipt for the property seized. A copy of the Warrant and affidavit(s) must be left whether or not any property was seized.

Rule 2008(b). If no one is present on the premises when the Warrant is executed, the officer shall leave the documents specified in paragraph (a) at a conspicuous location in the said premises. A copy of the Warrant and affidavit(s) must be left whether or not any property was seized.

fter this form is completed, enter serial No. of this form on Search Warrant and attach one copy of this to each copy of Warrant.

ADDITIONAL PROBABLE CAUSE

On 31 Mar 79, Tpr. George A. ELLIS, Pennsylvania State Police did contact Cpl. Terry KATZ, Maryland State Police concerning the thefts and transporting of stolen Harley Davidson moyorcycles to the Philadelphia ,Pennsylvania area. Cpl. KATZ stated that since October 1978 he has had direct contact with reliable informants who have stated that the motorcycles that are stolen from Maryland and other southern states have been taken to the Philadelphia chapter of the Pagans to MENGINIE in Philadelphia. The informants have supplied this information into February 1979 and that the theft ring is still operating. It is also known that MENGINIE is the ~~present~~ PRESIDENT of the Philadelphia chapter of the Pagans.
On 31 Mar 79, Det. David D'ANGELO, who was at the garage of 214 N. Linden Avenue Upper Darby, Pa., pursuant to warrant #C13647, was conversing with Francis COPES, 4924 Kershall Place,Philadelphia, Pa. COPES, who is known to Det. D'ANGELO from prior contact, was conversing with Det. D'ANGELO and stated he was working at present for Tony MENGINIE in the business of repairing motorcycles and that they were in the process of moving the parts from the address of 214 N. Linden Avenue, Upper Darby, Pa., to 4985 Thompson Street in Philadelphia, Pa. He stated the reason for moving the parts was that this business was going to be operating out of the Thompson Street address, and that since Tony MENGINIE was in the hospital he (COPES) was going to have to operate the business for MENGINIE.

Due to fact that there are numerous altered motorcycles and parts at the 214 N. Linden Avenue address in Upper Darby, Pa., and that the parts and motorcycle parts are being transferred to the Thompson Street address, it is requested that a warrant issue for the search of that premises.

Francis COPES also told Det. David D'ANGELO that the motorcycle, a late model black Harley Davidson Motorcycle that he pointed to in the detached garage at 214 N. Linden Avenue, Upper Darby, Pa., with serial number 2F67658H8, was placed in that garage by him (COPES). This same motorcycle is the one that Tpr. Glenn HILL states to have an altered serial number.

CRIMINAL COMPLAINT (POLICE)

JUSTICE OF THE PEACE
MAGISTERIAL DISTRICT NO.

COMPLAINT NUMBER	YEAR	TYPE	NUMBE
Complaint Numbers of Other Participants			

INCIDENT NUMBER	UCR NO.	OTN

COMMONWEALTH OF PENNSYLVANIA
VS.
DEFENDANT

NAME AND ADDRESS: Anthony MENGINIE 3RD, W/M/27.
AKA Mengie
214 N Linden Ave
Upper Darby, Pa 19082

RSA
AKA

I, Tpr Glenn R HILL (Name of Affiant)

of Penna State Police, Phila, Pa 19131 (Identify department or agency represented and political subdivision)

residing at 2201 Belmont Ave, Phila,Pa19131

do hereby state under oath or affirmation, to the best of my knowledge, information and belief:

(Check appropriate box)

(1) ☒ I accuse the above named defendant, who lives at the address set forth above or,

☐ I accuse an individual whose name is unknown to me but who is described as ______

☐ his nickname or popular designation is unknown to me and, therefore, I have designated him herein as John D

with violating the penal laws of the Commonwealth of Pennsylvania at 214 N Linden Ave, UpperDarby, (Place-Political Subdivision)

Upper Darby Township in Delaware County on or about 31 MAR 79

Participants were (if there were participants, place their names here, repeating the name of above defendant)

(2) The acts committed by the accused were: Ⓐ On 31 MAR 79, Search Warrant C26303, issued t District Magistrate Martin J KERNS, was executed at 214 N Linden Ave, Uppe Darby TWP, Delaware Co, Pa. The above named Defendant Anthony MENGINIE 3R was found to be in possession of the following Stolen, obliterated, altere and restamped motorcycles or motorcycle parts, and instruments of crime:

ITEM 1. The defendant was in possession of ITEM 1, a black frame with fra VIN obliterated and engine with engine VIN obliterated. ITEM 1, which has TVIN 4A15465H4, was reported stolen 09-17-78 to Penna S Police Franklin Center, Pa. Defendant therefore accused of RSP 39 (F3); 2 counts of willfully removing identification with intent to conceal true identity and any wrongdoing 7102 a & b (M3) & (M1);

(continued to page 2)

all of which were against the peace and dignity of the Commonwealth of Pennsylvania and contrary to the Act of Assemb or in violation of PA/CC/3925 and PA/VC/7102a&b of the Act of Penna Crimes Code
PA/CC/4104 PA/CC/907 PA/VC/7103a&b
or the PennaMotor Veh Code ordinance of ______ (Political Sub-division).

(3) I ask that a warrant of arrest or a summons be issued and that the accused be required to answer the charges I have made. I swear to or affirm the within complaint upon my knowledge, information and belief, and sign it on

______, 197___, before ______. ______ (Signature of Affiant)

Personally appeared before me on ______, 197___, the affiant above named who, being duly sworn (affirmed) according to law, signed the complaint in my presence and deposed and said that the facts set forth therein are true and correct to the best of affiant's knowledge, information and belief.

______ (SEAL)
(Issuing Authority)

AND NOW, on this date ______, 197___, I certify the complaint has been properly sworn to and executed before me, and that there is probable cause for the issuance of process.

______ (Magisterial District) ______ (SEAL)
(Issuing Authority)

Ⓐ Set forth a summary of the facts sufficient to advise the defendant of the nature of the offense charged. Neither the evidence nor the statute allegedly violated need be cited, nor shall a citation of the statute allegedly violated, by itself, be sufficient. In a summary case set forth a citation of the specific section and subsection of the statute or ordinance allegedly violated.

WAIVER
(Rule 140)

On ______, 197___, I appeared before ______ Magisterial District ______ who delivered to me a copy of the foregoing Complaint, and I hereby waive preliminary hearing and consent to be bound over to court.

______ (Signature of Defendant)

______ (Attorney) ______

CRIM FORM 76 POL 9133 A REV 2-78

The continuation of acts committed by the accused were:

2 counts of possession of vehicle, knowing that an identification number has been removed with intent to concealtrue identity and any wrongdoing 7103 a & b (M3) & (F3); and 2 counts of removal of identification numbers to conceal true identity or any wrongdoing 4104 (M1).

ITEM 2. The defendant was in possession of ITEM 2, a whole motorcycle h frame VIN 2C26758H2 restamped and engine VIN 2C26758H2 restamped. ITEM 2 which has TVIN 9D43228H4, was reported stolen 12-27-74 to Delaware State Police, Troop 1, Delaware. The defendant therefore i accused of RSP 3925 (F3); 2 counts of willfully falsifing an identification number with intent to conceal true identity any wrong wrongdoing 7102 a & b (M3) & (M1); 2 counts of possession o vehicle, knowing that an identification number has been falsified wi intent to conceal true identity and any wrongdoing 7103 a & b (M3) (F3); and 2 counts of removal of identification numbers to concea rue id identity or any wrongdoing 4104 (M1); and 2 counts of posse ng instruments of crime, that being stamping instrumentand pos sed by the accused under circumstances not manifestly appropriat for lawful uses it may have, 907 (M1).

ITEM 4, and ITEM B20. The defendant was in possession ofITEM 4, a black fra with frame VIN 4A23791H7. The defendant was also in possession of ITEM B20,a pair of crank cases with engine VIN 4A23791H7. A motorcycle with VIN 4A23791H was reported stolen 08-06-78to Anne Arundel County PD Millersville, MD. The defendant is therefore accused of RSP 3925 (F3).

ITEM 6. The defendant was in possession of ITEM 6, a black frame on which the frame VIN had been obliterated. The defendant is therefore accused of willfully removing identification with intent to conceal the true identity and any wrongdoing 7102 a & b (M3) & (M1); possession of a vehicle, knowing that an identification number has been removed with the intentto conceal the true identity and any wrongdoing 7103 a & b; the removal of identification numbers to conceal the true identity or any wrongdoing 4104.

ITEM 8. The defendant was in possession of ITEM 8, an engine case with engine VIN 3A24412H4 and lower case # 774-9989. ITEM 8, which has TVIN 3A4C632H5, which was reported stolen 10-01-78, was reported to Baltimore County Police, Towson, MD. Engine VIN 3A24412H4 and lower case #774-9989 had been restamped. The defendant is therefore accused of RSP 3925 (F3); 2 counts of willfully falsifing an identification number with intent to conceal the true identity and any wrongdoing 7102 a & b; 2 counts of possession of engine, knowing that an identification number has been falsified with the intent to conceal true identity and any wrongdoing 7103 a & b; 2 counts of removal of identification numbers to conceal true identity or any wrongdoing 4104; and 2 counts of possessing instruments of crime, that being stamping instruments and possessed by the accused under circumstances not manifestly appropriate for lawful uses it may have 907 (M1).

continued to page 3.

The continuation of acts committed by the accused were:

ITEM 12. The defendant was in possession of ITEM12, an engine case with engine VIN 51FL7347, this engine VIN had been restamped. The defendant is therefore accused of willfully falsifing an identification number with intent to conceal true identity and any wrongdoing 7102 a & b; possession of an engine knowing that an identification number has been falsified with intent to conceal true identity and any wrongdoing 7103 a & b; the removal of identification numbers to conceal true identityor any wrongdoing 4104; possessing instruments of of crime, that being stamping instruments, possessed by the accused under circumstances not manifestly appropriate for lawful uses it may have. 907.

ITEM A1. The defendant was in possession of ITEM A1, a complete engine with engine VIN 63FL1672 that has been restamped and two lower case #'s that have been obliterated. The defendant is therefore accused of 3 counts of willfully falsifing an identification number with intent to conceal true identity and any wrongdoing 7102 a & b; 3 counts of possession of engine, knowing that an identification number has been falsified with intent to conceal true identity and any wrongdoing 7103 a & b; three counts of removal of identification numbers to conceal true identity or any wrongdoing 4104; and 1 count of possessing instruments of crime, that being stamping instruments and possessed by the accused under circumstances not manifestly appropriate for lawful uses it may have 907.

ITEM A11. The defendant was in possession of ITEM A11, a complete motorcycle with engine VIN obliterated and frame VIN obliterated bearing Pa registration plate 6X211, which is registered to Anthony MENGINIE 214 N Linden Ave, Upper Darby, Pa. ITEM A11 is a Harley Davidson motorcycle blue 1977, TVIN 3A20242H7, which was reported stolen 09-21-78 and reported to Glenolden PD, Glenolden, Pa. Defendant is therefore accused of RSP 3925; 2 counts of willfully removing identification with intent to conceal true identity and any wrongdoing 7102 a & b; 2 counts of possession of vehicle, knowing that an identification number has been removed with intent to conceal true identity and any wrondgoing 7103 a & b; 2 counts of removal of identification numbers to conceal true identity or any wrongdoing 4104.

ITEM A12. The defendant was in possession of ITEM A12, a complete motorcycle with engine VIN 63XLCH3316 that is restamped, the frame VIN had been obliterated and the 2 lower case #'s had been obliterated. The defendant is therefore accused of 4 counts of willfully removing identification with intent to conceal true identity and any wrongdoing 7102 a & b; 4 counts of possession of vehicle, knowing that an identification number has been removed with intent to conceal true identity and anywrongdoing 7103 a & b; 4 counts of removal of identification numbers to conceal true identity or any wrongdoing 4104; and 1 count of possessing instruments of crime, that being stamping instruments and possessed by the accused under circumstances not manifestly appropriate for lawful uses it may have 907.

ITEM A14. The defendant was in possession of ITEM A14, an engine case on whic the engine VIN and lower case number, both had been drilled (oblite ated). The defendant is therefore accused of 2 counts of willfull removing identification with intent to conceal true identity and ar wrongdoing 7102 a & b; 2 counts of possession of an engine, knowin that an identification number has been removed with intent to conceal the true identity and anywrongdoing 7103 a & b; and 2 coun of removal of identification numbers to conceal the true identity c any wrongdoing4104.

continued to page 4.

The continuation of acts committed by the accused were:

ITEM A22. The defendent was in possession of ITEM A22, a motorcycle crankcase with lower case number 556-2250 with engine VIN 54KHK2481 which is restamped. The defendent is charged with 1 count of willfully falsifing an identification number with the intent to conceal the true identity or any wrongdoing 7102 a,b, 1 count of knowing that an identification number has been falsified with the intent to conceal the true identity and any wrongdoing 7103 a,b, 1 count of removing the identification number to conceal the true identity 4104, and 1 count of possessing instruments of crime, that being the stamping instruments possessed by the defendent under circumstances not manifestly appropriate for lawful uses that it may have, 907.

ITEM B2. The defendent was in possession of ITEM B2, a motorcycle crankcase with lower case number 771-3908 with engine VIN 4A12312H0 which is restamped. The defendent is charged with 1 count of willfully falsifing an identification number with the intent to conceal the true identity or any wrongdoing 7102 a,b, 1 count of knowing that an identification number has been falsified with the intent to conceal the true identity and any wrongdoing 7103 a,b, 1 count of removing the identification number to conceal the true identity 4104, and 1 count of possessing instruments of crime, that being the stamping instruments possessed by the defendent under circumstances not manifestly appropriate for lawful uses that it may have, 907.

ITEM B6. The defendent was in possession of ITEM B6, a motorcycle crankcase with the lower case number and engine VIN removed. The TVIN was determined to be 9D19971H6, which belongs to a 1976 Harley Davidson motorcycle which was stolen on September 27, 1976 from William MASON of 14 Hurley St., Trenton, New Jersey and was reported to the Trenton PD. The defendent is charged with 1 count of intentionally receiving, retaining or disposing of movable property of another 3925, 1 count of willfully falsifing an identification number with the intent to conceal the true identity or any wrongdoing 7102 a,b, 1 count of knowing that an identification number has been falsified with the intent to conceal the true identity and any wrongdoing 7103 a,b, and 1 count or removing the identification number to conceal the true identity 4104.

ITEM B8. The defendent was in possession of ITEM B8, a complete motorcycle engine with both lower case numbers and the engine VIN removed and the engine VIN restamped. The defendent is charged with 3 counts of willfully falsifing an identification number with the intent to conc the true identityor any wrongdoing 7102 a,b, 3 counts of possession of a vehicle knowing that an identification has been falsified with the intent to conceal the true identity or any wrongdoing 7103 a,b, 3 counts of removal of identification numbers to conceal the true identity or any wrongdoing and 1 count of possessing instruments of a crime, that being the stamping instruemnts possessed by the defendent under circumstances not manifestly appropriate for lawful uses that it may have. 907. The restamped engine number is 56KHK1644.

continue to page 5

The continuation of acts committed by the accused were:

ITEM B9. The defendent was in possession of ITEM B9, a motorcycle crankcase with the lower case numbers and the engine VIN removed. The defendent is charged with 2 count of willfully falsifing an identification number with the intent to conceal the true identity or any wrongdoing 7102 a,b, 2 count of knowing that an identificati number has been falsified with the intent to conceal the true identity and any wrongdoing 7103 a,b, and 2 counts of removing the identification numbers to conceal the true identity 4104.

ITEM B11. The defendent was in possession of ITEM B11, a set of metal stampin devices with numerals 1 thru 10 with the numeral 2 missing. The defendent is charged with 1 count of possessing instruments of crim that being the stamping instruments possessed by the defendent unde circumstances not manifestly appropriate for lawful uses that it ma have 907.

ITEM B12. The defendent was in possession of ITEM B12, a set of metal stampin devices with numerals 1 thru 10 with the numeral 2 missing. The defendent is charged with 1 count of possessing instruments of crim that being the stamping instruments possessed by the defendent unde circumstances not manifestly appropriate for lawful uses that it ma have 907.

ITEM B13. The defendent was in possession of ITEM B13, a set of metal stampin devices with letters A thru Z, with the letter B missing and the figure &. The defendent is charged with 1 count of possessing instruments of crime, that being the stamping devices possessed by the defendent under circumstances not manifestly appropriate for lawful uses that it may have, 907.

ITEM B15. The defendent was in possession of ITEM B15, a set of metal stampin devices with the numerals 6 of which there were two. The defendent is charged with 1 count of possession of instruments of crime, tha being the stamping devices possessed by the defendent under circumstances not manifestly appropriate for lawful uses that it may have 907.

ITEM B17. The defendent was in possession of ITEM B17, a motorcycle crankcase with the lower crank case number and engine VIN removed and th engine VIN restamped. The defendent is charged with 2 counts of willfully falsifing an identification number with the intent to conceal the true identity or any wrongdoing 7102 a,b, 2 counts of knowing that an identification number has been falsified with the intent to conceal the true identity or any wrongdoing 7103 a,b, 2 counts of removing the identification number to conceal the true identity 4104 and 1 count of possessing instruments of crime, that being the stamping instruments possessed by the defendent under circumstances not manifestly appropriate for the lawful use that it may have, 907. The restamped number is 60XLCH2456.

ITEM B18. The defendent was in possession of ITEM B18, a motorcycle crankcase, with the lower case number removed and the engine VIN removed and restamped with a VIN 64XLCH2456. The defendent is charged with 2 counts of willfully falsifing an identification number with the intent to conceal the true identity or any wrongdoing 7102 a,b, 2 counts of knowing that an identification number has been falsified with the intent to conceal the true identity and any wrongdoing 7103 a,b, 2 counts of removing the identification numbers to concea the true identity 4104, and 1 count of possessing instruments of crime, that being the stamping devices possessed by the defendent under circumstances not manifestly appropriate for lawful uses that it may have, 907.

contin age 6

The continuation of acts committed by the accused werē:

ITEM B19. The defendent was in possession of ITEM B19, a portable hand grinder with an attached grinding head impregnated with metal. The defendent is charged with 1 count of possession of an instrument of crime, that being the portable grinder possessed by the defendent under circumstances not manifestly appropriate for lawful uses that it may have, 907.

ITEM B21. The defendent was in possession of ITEM B21, a full motorcycle crankcase with lower case numbers of 777124046 and an engine VIN of 3A47950H7. These numbers are original numbers and belong to a 1977 Harley Davidson motorcycle which was stolen on August 5,1978 from Michael GETZ, Sr., 4702 Vancouver, Baltimore City, Maryland and reported to the Baltimore City PD. The defendent is charged wit 1 count of Receiving Stolen Property in that he intentionally received, retained or disposed of movable property of another, 3925.

ITEM B22. The defendent was in possession of ITEM B22, a full motorcycle crankcase with removed lower case numbers and restamped with lower case number 157FL2025 and with the engine VIN removed. The defender is charged with 3 counts of willfully falsifing an identification number with the intent to conceal the true identity or any wrongdoir 7102 a,b, 3 counts of possession of a vehicle knowing that an identification number has been falsified with the intent to conceal the true identity or any wrongdoing 7103 a,b, 3 counts of removing the identification numbers with the intent to conceal the true identity or any wrongdoing 4104, and 3 counts of possessing instrume of crime, that being the stamping instrument possessed by the defenc ent under circumstances not manifestly appropriate for lawful uses that it may have, 907.

ITEM B23. The defendent was in possession of ITEM B23, a motorcycle crankcase with the lower case number removed and restamped with lower case number 55-2404, and the engine VIN removed and restamped with the engine VIN 58FL4847. The defendent is charged with 2 counts of willfully falsifing and identification number with the intent tc conceal the true identity or any wrongdoing, 7102 a,b, 2 counts of possession of a vehicle knowing that an identification has been fal: fied with the intent to conceal the true identity and any wrongdoin 7103 a,b, 2 counts of removing the identification number to conceal the true identity 4104, and 2 counts of possession of instruments o: crime, that being the stamping instruments possessed by the defende under circumstances not manifestly appropriate for lawful uses that it may have, 907.

ITEM C1. The defendent was in possession of ITEM C1, a set of metal stamping devices with the numerals 0 thru 9, the letter A and the characteri: tic *. The defendent is charged with 1 count of possession of instruments of crime, that being the stamping instruments possessed by the defendent under circumstances not manifestly appropriate for the lawful uses that it may have, 907.

continue to page 7

Continuation of Complaint #MZ8104.

The continuation of acts committed by the accused were:

ITEM C8. The defendant was in possession of ITEM C8, and engine case with the engine VIN 57ST2179 which had been restamped. The defendant is therefore accused of willfully falsifing an identification number with intent to conceal true identity and any wrongdoing 7102 a & b; possession of an engine knowing that an identification number has been falsified with intent to conceal true identity and any wrongdoing 7103 a & b; the removal of identification numbers to conceal true identity or any wrongdoing 4104; and possessing instruments of crime, that being stamping instruments, possessed by the accused under circumstances not manifestly appropriate for lawful uses it may have 907.

ITEM C9. The defendant was in possession of ITEM C9, a partial engine with the Engine VIN obliterated.

The defendant is therefore accused of willfully removing identificatio with intent to conceal the true identity and any wrongdoing 7102 a & b possession of an engine,knowing that an identification number has been removed with the intent to conceal the true identity and any wrongsoin 7103 a & b; the removal of identification numbers to conceal the true identity or any wrongdoing 4104.

ITEM C10. The defendant was in possession of ITEM C10, a complete engine with engine VIN 3A41375H3 which has been restamped. The two lower case numbers have also been obliterated. The defendant is therefore accus of 3 counts of willfully falsifing anidentification number with inten to conceal true identity and any wrongdoing7102 a & b; 3 counts of possession of . engine, knowing that an identification number ha been falsified withintent to conceal true identity and any wrongdoin 7103 a & b; 3 counts of removal of identification numbers to conceal true identity or any wrongdoing 4104; and 1 count of possessing instruments of crime, that being stamping instruments possessed by the accused under circumstances not manifistly appropriate for lawful uses it may have 907.

ITEM C11. The defendant was in possession of ITEM C11, and engine case on which the engine VIN had been obliterated. The TVIN for ITEM C11 is 2C33089H1. Motorcycle with VIN 2C33089H1 was reported stolen 10-22-7 and reported to Baltimore City Police Department, Baltimore MD. The defendant is therefore being charged with RSP 3925; 1 count of willfu willfully removing identification with intent to conceal true identit and anywrongdoing 7102 a & b; 1 count of possession of vehicle, knowi that an identification number has been removed with intent to conceal true identity and any wrong doing 7103 a & b/; 1 count of removal of identification numbers to conceal true identity or any wrongdoing 410 and 1 count of possessing instruments of crime, that being stamping instruments and possessed by the accused under circumstances not manifestly appropriate for lawful uses it may have 907.

continued to page 8.

Continuation of Complaint #M28164.

The continuation of acts committed by the accused were:

C13 ITEM. The defendant was in possesson of ITEM C13, a complete engine with engine VIN 4A12312H0 which was restamped, also on engine were tow lower case numbers that had been obliterated. The defendan is therefore accused of 3 counts of willfully removing identificati with intent to conceal true identity and any wrongdoing 7102 a & b; 3 counts of possession of engine, knowing that an identification number has been removed with intent to conceal true identity and any wrongdoing 7103 a & b; 3 counts of removal of identification numbers to conceal true identity or any wrongdoing 4104; and 1 count of possessing instruments of crime, that being stampijg instruments and possessed by the accused under circumstances not manifestly appropriate for lawful uses it may have 907.

ITEM C14. The defendant was in possession of ITEM C14, an engine case on which the engine VIN had been obliterated. The defendant is therefore accused of willfully falsifing an identification number with intent to conceal true identity and any wrongdoing 7102 a & b; possession of an engine knowing that an identification number has been falsified with intent to conceal true identity and any wrongdoing 7103 a & b; 1 count of removal of identification numbers to conceal true identity or any wrongdoing 4104.

- end -

Mr. ELLIS. The Pagan Motorcycle Club has, for the most part, graduated from crude criminal behavior to the more sophisticated criminal schemes. This has been accomplished by various means, the least of which involves the emergence of more intelligent individuals within the Pagan Motorcycle Club. The fact that law enforcement officials have maintained the level of pressure and the level of sophisticated investigative techniques in dealing with this has forced the Pagan Motorcycle Club to become more sophisticated. Consequently, crude criminal behavior has given way to the more sophisticated methods used by traditional organized crime.

The Pagan Motorcycle Club is uniformly structured throughout the east coast. The president of the Pagan nation is considered the president of the mother club, which is the ruling or policymaking body of the Pagan Motorcycle Club. Each mother club member is responsible for a specific geographical area, which may include only counties within a State or in fact a multiple State area.

Within this geographical area are numerous chapters which are run by chapter presidents, vice presidents, secretary-treasurers, and sergeants-at-arms. Likewise, the chapter presidents are responsible for a specific geographical area, and the membership ranges from at least 6 members up to approximately 25 members.

[At this point, Senator Bingaman withdrew from the hearing room.]

Mr. ELLIS. Pennsylvania has the highest density of Pagan members throughout the east coast. The major concentrations are in the Philadelphia and Pittsburgh areas.

Infiltration of legitimate businesses by members of the Pagan Motorcycle Club is not documented. However, there have been allegations that members of the Pagan Motorcycle Club have forced the sale of commercial property by threats and intimidation. One example involved the sale of a tavern due to the high presence of Pagan Motorcycle Club members within the tavern, which caused a severe decrease in business forcing the tavern into bankruptcy.

Certain members of the Pagan Motorcycle Club have invested in various businesses. Members own body shops, motorcycle shops, trucking companies, security oriented businesses, antique shops, garages, et cetera. Other members have invested in the purchase of commercial property and then leased this property to legitimate businesses.

Members of the Pagan Motorcycle Club have traditionally been able to raise significant amounts of bail money to effect release on outstanding criminal charges. Raising bail moneys in excess of $200,000 was not uncommon, and in one New Jersey case a member of the Pagan Motorcycle Club forfeited $175,000 cash bail by becoming a fugitive.

Members of the Pagan Motorcycle Club, for the most part, have hired knowledgeable, politically powerful attorneys to represent them in criminal cases. The legal fees for representing Pagans are significant, and the fact that these attorneys continually represent the Pagan Motorcycle Club member suggests that the fees are actually being paid.

While the leadership of the Pagan Motorcycle Club was in Delaware County, Pa., they were able to conduct their illicit criminal activities with relative impunity because the police department and the local political system were compromised. A documented case involved a police officer from the Marcus Hook Police Department who switched and tampered with evidence involving a member of the Pagan Motorcycle Club. This officer was subsequently arrested, convicted and removed from the police department.

Organized crime is defined by the Pennsylvania Crime Commission as:

> The unlawful activity of an association trafficking in illegal goods or services, including but not limited to gambling, prostitution, loansharking, controlled substances, labor racketeering, or other unlawful activities or any criminal conspiracy or other unlawful practice which has as its objective large economic gain through fraudulent or coercive practices or improper government influences.

The Pagan Motorcycle Club is a highly structured, well disciplined club which has as its foundation a written constitution. The written constitution of the Pagan Motorcycle Club defines the club as an organization, and as such the Pagan Motorcycle Club falls within the definition of organized crime as defined by the Pennsylvania Crime Commission. Any criminal activities involving a member are controlled by either the chapter president or by the mother club member.

The major crimes task force was formed by the then district attorney of Delaware County, Frank Hazel, and by his then first assistant district attorney, John A. Reilly, the moving factor in forming the unit. The major crimes task force was formed in response to the alarming increase in violence which was attributable to outlaw motorcycle gangs. Delaware County, Pa., had approximately 15 unsolved murders directly related to or involved with outlaw motorcycle gangs.

These murders involved members of the outlaw motorcycle gangs and innocent civilians, particularly young women. Numerous incidents of kidnapping and rape were commonplace as were the barroom fights and aggravated assaults. It was this violence, public pressure, and the fragmented police approach that led first Assistant District Attorney John A. Reilly—who is currently district attorney—to request the formation of the major crimes task force. The goal of the major crimes task force has been to pursue and prosecute all criminal activities of the outlaw motorcycle gangs.

The major crimes task force has been successful in combating outlaw motorcycle gangs for several reasons. First and foremost was the uniting of the police departments against a common problem with the constant flow of intelligence information into the major crimes task force. The education of the police and the entire judicial system resulted in superior cases and prosecutions with resultant convictions and sentences. Cooperation with law enforcement agencies throughout the country also provided an excellent base of operation in tracking the highly mobile outlaw motorcycle gang member.

[At this point, Senator Rudman entered the hearing room.]

Mr. Ellis. Combating the Pagan Motorcycle Club or any of the other outlaw motorcycle gangs is a full-time specialized job. Among the needed services are centralized intelligence files, the witness protection program and the always needed Federal funds. The formation of strike forces or the redirection of existing strike forces to include out law motorcycle gangs would alleviate the constant pressure brought by the outlaw motorcycle gangs.

Mr. Chairman, that concludes my statement and, once again, I express my appreciation for this opportunity.

Senator RUDMAN. Thank you very much.

We will call on the final witness of the panel Sgt. Barry Roberson, New Jersey State Police.

Mr. ROBERSON. Mr. Chairman, my name is Barry Roberson. I have been a member of the New Jersey State Police since 1969 and currently serve as a detective sergeant with the intelligence bureau. I have served as a uniformed trooper at several locations within New Jersey. I have also served as an undercover agent with the narcotics bureau, Governor's Security Bureau and Criminal Investigations Section, where I conducted investigations concerning organized auto theft operations and race track irregularities.

In 1980 I was transferred to the Intelligence Bureau where I collected and analyzed intelligence information with respect to traditional and nontraditional organized crime. At the present time, I am assigned to collect intelligence information on outlaw motorcycle gangs within the State of New Jersey.

As part of my police career, I have attended various training courses on narcotic enforcement, organized criminal groups, organized crime intelligence analysis, and criminal investigations.

I currently lecture on outlaw motorcycle gangs at the New Jersey State Police Academy and the Institute on Organized Criminal Groups.

The intelligence bureau of the New Jersey State Police under the command of Capt. John Carney, has actively collected intelligence on the criminal activities of outlaw motorcycle gangs since the late 1960's. The intelligence bureau has monitored the criminal activities of the various outlaw gangs from their more primitive development to their present sophisticated structure.

A review of information on New Jersey outlaw motorcycle gangs, including the Pagans, the Breed, and the Wheels of Soul reveals a distinct change in their methods of operation. Outlaw motorcycle gangs have changed from groups of hell raising, beer drinking, free spirited, young men to that of highly organized criminal groups primarily motivated by profit.

The modern day leaders of outlaw motorcycle gangs have led their followers into many lucrative criminal activities. New Jersey motorcycle gangs are involved in the theft and chopping of stolen cars, prostitution, extortion, arson, and weapons offenses. However, outlaws derive their largest income from the illegal production and distribution of methamphetamine and PCP. In many cases, outlaw bikers are now used by traditional organized crime groups, such as the Mafia, to hijack trucks, serve as bodyguards, enforce orders, and manufacture and distribute drugs.

Outlaw bikers differ from other organized criminal groups in many respects. However, the most significant characteristic, unique to outlaw bikers, is their transiency. These individuals lack roots in a community and possesses the ability to move frequently, severely hampering police investigations. As a result, it is often difficult to clearly identify and investigate these individuals.

Since outlaw bikers have developed into a more highly organized criminal network, the New Jersey State Police has elevated them as an investigative priority.

In order to combat the ever growing outlaw biker problem the New Jersey State Police Intelligence Bureau has implemented a full-time outlaw biker investigation program. The purpose of this program is to identify both the members of the various outlaw gangs and their criminal enterprise system.

At the present time, there are three major outlaw motorcycle gangs, the Pagans, the Breed, and the Wheels of Soul, with a combined total of nine separate chapters, operating within the State of New Jersey.

Of the three gangs, the Breed has both the largest membership living within New Jersey and the most chapters. There are approximately 200 active members of the Breed Motorcycle Club in New Jersey at this time and an equal number of close associates or what are commonly referred to as hangers on. Since the mid-1960's, the Breed has maintained chapters in the cities of Trenton and Carteret. In the past 6 months, the Breed has assumed control of two independent, smaller clubs, located in Elizabeth and Riverside, N.J.

The Breed is a highly organized criminal group consisting of several chapters in New Jersey, Pennsylvania, and New York. The leader of the Breed is the national president, who is referred to as U.S.A. He is also the president of the head executive board. The U.S.A. is the most powerful person in the organization and has the final authority on all matters. The head executive board consists of chapter presidents and determines club policy. Each chapter consists of a president, vice president, treasurer, secretary, and sergeant-at-arms. Elections for chapter officers are held each December.

Breed membership is restricted to white males who first go through a prospecting period. During this prospecting, the new member must do anything that he is told to do by any Breed member. The prospect is also required to complete several illegal acts, such as car theft and armed robbery. He is required to turn over any proceeds from these crimes to the club. This is to prove the prospect's desire to be a member and establish his loyalty to the club.

After completing the prospecting period, the subject is voted into the club at an initiation party. At this time the new member is given his set of Breed colors. The Breed colors consists of a Betsy Ross 13-star flag with the Breed banner on top. These patches are sewn onto the back of a cutout jacket which can never be washed. A member can buy property colors which are worn by the member's wife or girlfriend. Club colors are the outlaw biker's most prized possession, more important than his motorcycle or his woman.

Mr. Chairman, I submit for the record copies of Breed documents that we have collected through investigations on the Breed Motorcycle Club. These documents describe the Breed bylaws, and requirements to serve as chapter officer, executive board member, and U.S.A. In addition, these documents delineate the highly organized structure of the club.

Senator Rudman. Those documents will be incorporated into the record without objection.

Mr. Roberson. Investigations of the Breed reveal that the leadership utilizes the club structure to dictate not only club policy but criminal policy as well. Highly reliable source information indicates that club officers establish the price for the drugs sold by club members. The Breed's principal income is derived from the production and distribution of methamphetamine. Other organized criminal activities engaged in by Breed members are assaults, larceny, robbery, rape, altering of motor vehicle's VIN numbers, and possession of stolen and illegal weapons.

Past investigations have revealed that a large percentage of Breed members regularly carry weapons. These weapons consist of knives, chains, handguns, sawed-off and full-size shotguns, rifles, and automatic weapons. Breed members carry these weapons for protection against other outlaw gangs and to safeguard the large amounts of drugs and money they frequently possess.

Members of the Breed continually strive to further their reputation by their unkempt appearance and unruly actions. They rely upon their reputation for impulsive violence to intimidate the public, potential witnesses and law enforcement.

Members of the Breed Motorcycle Club view themselves as righteous outlaw brothers. They have rallied under the 1-percent patch, indicating that they are different from the other 99 percent of decent, law-abiding people riding motorcycles. Outlaw gang members view all others as citizens who in reality desire to be 1 percenters. Sources have advised that many Breed members view police as simply another rival gang.

As previously mentioned, the Wheels of Soul Motorcycle Club also has chapters located in New Jersey. Currently there are three chapters, located in the New Jersey cities of Camden, Bridgeton, and Atlantic City. Total Wheels of Soul membership in New Jersey is estimated at 75. In addition, each member of the Wheels of Soul has from 1 to 10 associates involved in the club's criminal activities.

Founded in the late 1960's in the Philadelphia, Pa., and Camden, N.J., area, its original membership was comprised of black males who gathered together as a social club.

The membership at that time would have been part of the 99 percent of people who ride motorcycles that the American Motorcycle Association described.

During the mid-1970's the club image changed from that of a social club to its present outlaw status. Its membership, now integrated, includes whites and hispanics.

As is true of many other outlaw gangs, the Wheels of Soul operates under a club constitution. Mr. Chairman, I submit a copy of the Wheels of Soul constitution which was obtained through a prior investigation. This document delineates the formal structure of the Wheels of Soul and membership requirements.

Members of the Wheels of Soul are involved in a similar spectrum of criminal activities as the Pagans and the Breed.

The Wheels of Soul principal source of illegal income is derived from narcotics distribution. However, unlike the larger outlaw gangs, the Wheels of Soul does not produce methamphetamine.

Wheels of Soul members obtain methamphetamine from outside sources who may be independent dealers or members of other outlaw motorcycle gangs.

Like other outlaw gangs, the Wheels of Soul engage in new illegal ventures whenever possible. In February 1982, three Wheels of Soul members and four of their associates were arrested in two casinos in Atlantic City for passing 13 counterfeit $50 bills. Pursuant to this investigation, a search warrant was obtained for the home of Wheels of Soul sergeant-at-arms, Joseph "Rooster" Ross, in Atlantic City. Although no counterfeit fifties were located in Ross' home, police seized an illegal sawed-off shotgun and a quantity of assorted narcotics. Both Ross and his wife were arrested at this time.

The Wheels of Soul are actively attempting to recruit new members and strengthen their membership and open new chapters in Pennsylvania and New Jersey at this time.

The State of New Jersey also has a faction of the Pagan Motorcycle Club. However, since Corporal Katz of the Maryland State Police and Trooper Ellis of the Pennsylvania State Police have described in detail the activities of the Pagan Motorcycle Club, I will only give a brief overview of their activities in New Jersey.

The Pagan Motorcycle Club began operations in New Jersey during the mid-1960's. During their early years, the Pagans had four active chapters located in the New Jersey cities of Plainfield, Elizabeth, Long Branch, and Camden. During the early 1970's, the Pagans opened an additional chapter in Somers Point, near Atlantic City. Until recently, each of these chapters has maintained an active membership of 10 to 40 colors flying members.

Presently, New Jersey has two active Pagan chapters. The Atlantic City based chapter consists of approximately 35 members, while the northern chapter located in Plainfield, N.J., has approximately 45 members. In addition, each member of the Pagans has from 1 to 10 associates involved in the club's criminal activities.

The Camden chapter of the Pagans existed until early 1981 when its president, Joseph Dragon Berenato, was shot to death. Berenato was killed during an illegal heroin transaction in Camden, N.J. After Berenato's death, the members of this chapter joined either the Atlantic City, N.J., or the Delaware County, Pa., chapter.

The Long Branch chapter was disbanded in the mid-1970's following the arrests and convictions of several of its leaders for narcotics and weapons offenses. Remaining members of this chapter joined with the Plainfield and Elizabeth chapters.

During 1982, these two chapters merged and formed the single northern New Jersey chapter.

Currently, the Pagans are actively recruiting members in New Jersey and anticipate opening several new chapters.

There are many documented cases of Pagan related murders, narcotics dealings, weapons offenses, assaults and stolen property charges in New Jersey.

In August 1980, Pagan William Yukie Tomlinson and his wife, Toni Tomlinson, were shot, execution-style, in a gravel pit in Cumberland County, N.J.

In April 1981, Pagan member Dale Mason of Bear, Del., pled guilty to the murder of William Tomlinson and received a life sentence. At the time of the Tomlinson death, he and his wife were the sole witnesses against Mason in an assault charge on William Tomlinson.

Also in August 1980, Pagan member Kenneth Weaver was arrested at his home in Linwood, N.J., for possessing approximately 1 pound of methamphetamine and an assortment of guns. Weaver had been a Linwood city councilman and police commissioner. Weaver is currently the president of the Atlantic City Pagan Motorcycle Club chapter. Weaver was recently arrested, along with seven other Pagan members, in Philadelphia and found to be in possession of several firearms. It is believed that the Pagan Eight were en route to the Wheels of Soul Clubhouse in Philadelphia to settle a misunderstanding which occurred several weeks earlier in Atco, N.J.

In the early morning hours of March 24, 1982, New Jersey State Trooper John Jacobs stopped a 1980 Cadillac in Gloucester Township for a speeding violation. Trooper Jacobs approached the vehicle and requested that the driver produce his license and registration.

The driver of the vehicle drew a .38-caliber revolver and shot Trooper Jacobs in the face. Although severely wounded, Trooper Jacobs was able to fire at the driver of the vehicle as he fled the scene. Within 1 hour, the Cadillac was found near the scene of the shooting. The vehicle had been set afire and completely destroyed.

Five days later, Pagan member Glenn Turner of Marcus Hook, Pa., was arrested for the shooting of Trooper Jacobs at which time a cash bail was set at $150,000 by the court.

After several weeks in jail, the $150,000 cash bail, along with an additional $25,000 cash bail for pending weapons charges, was posted for Turner. Turner was then released pending a court hearing in June 1982. Turner failed to appear for this hearing and forfeited the $175,000 cash bail. Turner was recaptured in December 1982 and is pending trial.

Mr. Chairman, this concludes my overview of the outlaw motorcycle gang problem in New Jersey. Thank you for allowing me this opportunity to present this testimony here today.

I will now be happy to answer any questions you may have for me.

Senator RUDMAN. Thank you very much.

I have several questions before turning it over to Senator Nunn for a major round of questions. Mr. Katz, there is a lot of skepticism in the country about how serious an organized crime threat these motorcycle gangs are; skepticism, I guess, because of the fact that they are easily identifiable by the way they dress, the way they act, how they travel together.

I guess my question is, is there evidence strongly linking them to some elements of organized crime, particularly in narcotics distribution, and if so, do traditional methods of law enforcement work against these groups or are there other law enforcement methods both at the State and Federal level that have to be implemented?

Mr. KATZ. Senator, basically the gangs are highly structured. In fact, if one considers one estimate that of the 20 or 22 organized crime families of the traditional type might have 2,000 members whereas the 4 gangs that we talked about today, Pagans, Banditos, Hells Angels, and Outlaws have 4,000 members.

Just on the size alone, we see that they are a growing problem. In addition, they have direct links to traditional organized crime in such areas as the distribution and production of methamphetamine, a highly lucrative venture and one with a minimal amount of chemical ability. Additionally because of the nature of a motorcycle gang, traditional organized crime—Mafia—increasingly has turned to them because if you want someone taken care of in their violence and you do not want to dirty your own hands, who is better to do it than a motorcycle gang. They have the reputation, the ability, the weaponry and they are certainly fearless enough to carry it out. If they are apprehended, law enforcement looks at them and not at the traditional organized crime family. Traditional methods of working organized crime in terms of a motorcycle gang are more sharply defined.

In both areas it has been required that you have a specialist that is able to understand gangs, predict their behavior and identify their members. Additionally, in terms of national focus, recently Federal agencies within the past 2 years, especially, have begun to involve themselves in the problem primarily because of their concern about the motorcycle gangs narcotics trafficking ability.

It is interesting that gangs are perhaps as mobile, or more mobile than traditional organized crime. And with that problem, the problem of tracking and tracing members who might be in Florida today and in Chicago that afternoon, becomes increasingly apparent in its degree of difficulty.

Senator Rudman. Thank you.

Trooper Ellis, do you have a cooperative agreement with the other State Police in the Middle Atlantic Region exchanging intelligence data as to the activities of these organized gangs?

Mr. Ellis. Yes, sir. We do. We are in constant contact with the State police agencies up and down the east coast as well as Federal agencies and we exchange information daily.

In this way we keep track of the outlaw motorcycle gang member and are able to better know his activities.

Senator Rudman. Have you seen evidence in your investigations pertaining to direct links particularly in narcotics distribution, or other enforcement activities on the part of these motorcycle gangs with traditional organized crime in your State?

Mr. Ellis. They have traditionally been involved with organized crime and they also are involved now in the distribution of methamphetamines with organized crime on several fronts.

It is thought that perhaps certain members of organized crime are feeding money to the Pagans in order that they may obtain the necessary supplies and so forth to manufacture and distribute the amphetamine in exchange for a kickback.

Senator Rudman. I want to ask just one question of Sergeant Roberson and that would be this: To what extent, if any, have you strong evidenciary ties in your State that would tie these gangs into some of the activities that we are aware of that have taken place in conjunction with the legalization of casino gambling in the State of New Jersey?

Mr. **Roberson**. Yes, the outlaw bikers have been identified to a small degree as being involved with some of the organized crime people in Atlantic City. They have nothing to do with the casinos themselves.

Senator **Rudman**. How are they involved?

Mr. **Roberson**. I really can't go into that, Senator.

Senator **Rudman**. Senator Nunn.

Senator **Nunn**. Thank you, Mr. Chairman.

Mr. Katz, have you ever heard of an individual named Donald Trott, also known as the Gypsy?

Mr. **Katz**. Yes. It is widely held within the law enforcement community that Donald Trott is the national vice president of the Pagan motorcycle gang.

Senator **Nunn**. Second in command?

Mr. **Katz**. That is correct.

Senator **Nunn**. Where does this individual reside? Do you know?

Mr. **Katz**. He is currently residing in Newport, Del.

Senator **Nunn**. How are you able to assert that he is the vice president of the Pagans?

Mr. **Katz**. During the course of investigations in which we have had cooperating members of the Pagan organization that have now been relocated under the witness protection program, and in debriefing those individuals, we were able to learn that Donald Trott was known to them as the vice president. In addition, in prior investigations in which I conducted, along with other State police officers in an undercover capacity, we knew Trott to be a mother club member—or ruling council member. It would make sense based on his status within the organization that he has been elevated to a higher ranking in that organization.

Senator **Nunn**. As Senator Rudman observed, one of the distinguishing features here of the so-called outlaw motorcycle gangs seems to be their willingness to be known, to be observed, to have the colors they wear as symbols of their membership. This is totally different from what we consider the pattern of behavior for traditional La Cosa Nostra members or traditional organized crime families, is it not?

Mr. **Katz**. Yes, sir. Most of the outlaw motorcycle gangs that we have talked about consider their colors, of which I have a set to display to the subcommittee, their most prized possession.

Normally they appear in public wearing these colors which obviously distinguishes them from humanity at large.

Normally a gang member would not wear his colors while distributing drugs or engaging in criminal activity that he did not want to call attention to as obviously they are aware that we have managed to arrest substantial numbers of them. It wouldn't be too difficult to figure out which person was involved if he was wearing gang colors.

If I could, Senator, I will display these out so that you can see them. The front of these Pagan colors, as you can see, have the word Pagans in the front where my hand is on the shoulder, and a small Pagan god or the same emblem, which they display on the back center patch. As we talked about before, they are a 1-percent club, so they have a patch saying 1 percent, since they are on the east coast, "1 Percent, East Coast." Their colors on the back are their most readily identifiable feature, having a top rocker, as they call it, with the word Pagan's, the center figure, which is called the Fire God, and the letters MC for motorcycle club.

Senator NUNN. One of the charters here, I have forgotten which one, but in reading through the charters which we will introduce in the record, there is clearly a provision that says there is a fine for washing the colors. Does that mean that they never wash the colors or the jacket? What is the meaning of that?

Mr. KATZ. The idea is many gangs refer to their colors as originals. Since they got them in that original condition, they are never to change them. Depending on the gang, and depending on what members of the gang decide to engage in certain types of behavior. These are probably the cleanest set of colors I have ever seen. There are some that are so soiled with oil and other materials that they are almost unreadable. In fact, it is unusual, especially in motorcycle gang colors, to be able to read them at any distance because of the amount of filth and grime on them.

Senator NUNN. When they are so readily identified, what is the difficulty of law enforcement in dealing with this? It seems to me they are advertising who they are, what they are all about, their colors, their uniforms and their charter, and bylaws and membership. Why is it difficult for the law enforcement community to break them up and to at least arrest large numbers of them?

Mr. KATZ. As you pointed out, they are readily identifiable, which almost means they are extemely fearsome. If you consider that it is difficult to identify a member of the Mafia without being told that he is such, it is not very difficult to identify a member of a motorcycle gang that comes to your door. He is attired in that outfit or he is attired in a manner in which you would readily associate him with a violent gang and a reputation justly deserved. Thus it is very easy to intimidate a witness if you are a motorcycle gang. It becomes increasingly difficult to have a witness against the gang testify, so prosecution is hampered.

Additionally, the States of New Jersey, Pennsylvania, and other States that have enacted an active program have the ability to identify gangs. Gangs are like water. If there is pressure in one area, they will go to an area where there is no pressure. They will commit acts by using gang members from another State or another part of the Nation and then you as an investigator have to be able to determine, that, it was in fact that particular gang, and then what part of the Nation that gang member had gone back to in order to apprehend him; it becomes a very difficult task, even though they are readily identifiable.

Senator COHEN. One of the witnesses testified this morning, Senator Nunn, that the motorcycle gangs also have the opportunity to commit fraud on the Federal and State governments by collecting unemployment compensation benefits, welfare benefits, and so forth. We have held hearings in the Oversight Subcommittee on computer matching. These hearings have been fairly controversial because many of the critics of computer matching say we are just focusing on the lower income segments of our society and denying them benefits extended by the Federal and State governments.

I was wondering if Senator Nunn is correct that these motorcycle gang members are so readily identifiable, why is it that they are so easily able to obtain Federal and State benefits. Since you obviously know, or have the opportunity to know who the members are, why is it so easy for them to qualify for Federal and local benefit programs?

Mr. KATZ. Senator, the reason is, first of all, each gang member has a number of associates. They will have women that will operate in prostitution or other criminal ventures to include narcotics distribution, and those women will be able to collect welfare.

In numerous investigations in which I and the other investigators have conducted personally, it is very unusual to hit a gang member's house on a raid and not find some sort of social welfare card or card for medical insurance.

In fact, I know of a case where a gang member was injured, shot in a gang fight, and the State of Maryland had to pick up the tab for repairing him because he had no legitimate source of income, and he had been hospitalized as an indigent. So you have to be able to identify all of their associates to get to the welfare cheaters and chiselers that are among their ranks and their associates' ranks.

Additionally, it is exceedingly difficult to have that gang member explain to a social services agency that he has any listed source of income. If there was an ability on that agency's side like computer matching to tie into the resources of the investigative agencies, they could pick those people out and then go out to inspect and find out that they—the gang members—have luxury automobiles, lived in substantial housing, et cetera. But as it stands now, there is not that linkup.

Senator NUNN. If you will excuse me, it just seems to me that if you can't identify them and they are all driving these big Harley Davidson motor vehicles and anywhere from 750 to 1000 cc's minimum, and they wear the jackets, it seems to me that if you identify them, it only takes an extension of that cooperation to say that those individuals should not be qualifying for benefits.

Mr. KATZ. In the cases in which we have been able to document that the gang member has been receiving benefits, we actively pursue him or provide the data to that social service agency. The problem that we have run into is that he is not legitimately employed, period. Then it is his female associates who may work, for example, as a go-go dancer or stripper. She receives some money for her task there, in addition to illicit income from prostitution and under-the-table payments.

In order to prove that it is a fraud matter we just don't have the resources to physically go out into each bar that these go-go dancers are employed in, nor do the health and human services investigators apparently, to determine who is collecting welfare.

Senator NUNN. Mr. Katz, you mentioned some degree of interrelationship between these gangs across the country. You mentioned a good many gangs, Wheels of Soul, Pagans, Outlaws, Hell's Angels, Breed, and so forth.

To what degree are these gangs related and to what degree are these gangs interrelated and to what degree is there an overall hierarchy?

Mr. KATZ. Senator, basically, the big four gangs operate in exclusive territories not unlike crime families. The Hell's Angels control the west coast of the United States. The Bandidos operate in the Central States and areas of the South, East, and West.

In addition, the Outlaws operate in the Southeast and portions of the Southwest and the South. The Pagans are primarily as I said an east coast organization.

In some instances, where two or more of these gangs conflict, there is only going to be one major gang in that area. The gangs will conflict into a war. Currently there is such warfare as I said between the Hell's Angels and the Outlaws in Charlotte, N.C., primarily for the control of the illicit activities there such as prostitution and narcotics.

The second alternative where two 1-percent gangs coexist is that there is an alliance between the gangs which allows them to avoid this conflict such as the alliance which currently exists between the Bandidos and the Outlaws.

In reality, gangs operate in a monopolistic fashion and they are unhindered by anything else other than another gang or law enforcement as attempt to control a particular criminal enterprise.

Senator NUNN. Thank you.

I am going to cut my questions short. I have a few more to ask each one.

I will yield to Senator Cohen now.

Senator COHEN. I have just a couple of very brief questions.

I was looking through some of the constitution or the charter that the individual groups have.

Just for clarification, what is a "sniffle"?

If a member has a sniffle, he must use the chain of command. Is that a complaint?

Mr. ELLIS. That is a complaint, sir.

Senator COHEN. With respect to the Wheels of Soul, section 15, all members must make all mandatory runs.

What is a mandatory run?

Mr. ROBERSON. They have two or three major runs per year, one in the spring and one in the fall. That is where every member must come out with his colors on his Harley and complete the run, normally from the clubhouse to a rural area where they have a party for the day or for the weekend. Then return back to the home area.

Senator COHEN. That is all.

Senator NUNN. Mr. Ellis, at the close of your statement, you mentioned the need for, I am quoting you "Redirection of the existing strike forces to include outlaw motorcycle gangs."

Are you saying that the strike forces now are not dealing with this organized element of criminal activity?

Mr. ELLIS. To my knowledge, the strike forces out of the U.S. attorney's offices are not dealing with the Outlaw motorcycle danger per se. They have probably in the Philadelphia area come in contact with that particular element primarily because of the murders involving organized crime.

There was some connection or some thought of a connection between the bikers, the Pagans in particular, with the murders. But other than that, all prosecutions have been done by the U.S. attorney's office involving the Federal cases.

Senator NUNN. What about the Internal Revenue Service? Does the IRS ever get involved in looking at their assets, and their income sources, and making tax evasion cases?

Mr. ELLIS. Within the last year we have had excellent cooperation from Harry Schmidt, who is an IRS agent in the Philadelphia office. He has instituted a plan and is doing a very substantial job in assisting us.

Senator NUNN. Couldn't that be a potent weapon against these gangs?

Mr. ELLIS. It is a very significant weapon.

Senator NUNN. Mr. Roberson, have you had any experience with IRS in your State?

Mr. ROBERSON. No, sir. We haven't called on them as of yet. We don't have the background in the investigations that the Pennsylvania State Police and the Delaware State Police have. That is one area we don't get into now, that we have identified all the members in our State.

Senator NUNN. Mr. Ellis, we understand that Harry Riccobene and other recognized members of the Bruno organized crime family, have had dealings illegal or otherwise with the Pagans.

Do you have any information to support that allegation?

Mr. ELLIS. I have information from the Philadelphia Police Department, not personal information. The Philadelphia Police Department has on numerous occasions placed members of the Pagan Motorcycle Club with Harry Riccobene and in one particular case, a member of the Pagan Motorcycle Club, who was on Federal parole requested permission from his agent to see Mr. Riccobene.

Senator NUNN. Does the law enforcement community believe that there is a direct working relationship here with the traditional organized crime and the outlaw motorcycle element in that area?

Mr. ELLIS. Yes, sir. There is. We believe that it is basically involving the manufacture and distribution of narcotics.

Senator NUNN. Who is Charles McKnight?

Mr. ELLIS. Charles McKnight goes back in Delaware County a long way. He has been associated with the Pagan Motorcycle Club for some time. Recently he was the chapter president in Philadelphia County and Delaware County, and is now a mother club or member or a ruling member of the Pagan Motorcycle Club.

Charles McKnight has been involved in numerous narcotics operations and is currently under investigation.

Senator NUNN. Has he been convicted of any narcotics violations, to your knowledge?

Mr. ELLIS. Yes, sir; he has.

Senator NUNN. Is he currently serving time or is he out?

Mr. ELLIS. He is on the street and I believe his Federal parole has been frozen. I believe there is a problem with the New Jersey arrest for narcotics that has held up release from parole.

Senator NUNN. Do you know where he resides now?

Mr. ELLIS. He resides at 1069 Ashland Avenue in Darby Township, Delaware County, Pa.

Senator NUNN. Do you know of any legitimate or illegal activities that he is engaged in?

Mr. **Ellis**. I think for purposes of his parole he lists employment in a roofing company. However, surveillance activities by various authorities have never placed him with any legitimate employment.

Senator **Nunn**. Mr. Roberson, I have here the bylaws of the Breed, the constitution of the Pagans, and the constitution of the Wheels of Soul. I assume these are the documents that were in that envelope that you asked to be inserted in the record; is that right?

Mr. **Roberson**. Yes, sir; they are.

Senator **Nunn**. Would you let me get the clerk to hand you these and identify them for the record? I am not certain that we had them introduced at the time you introduced your testimony. If there are any other documents, we could put them all in at this time and the clerk could number them.

Mr. **Roberson**. Yes. There is a copy of the Breed Motorcycle Club bylaws; also attached to that are the president's requirements; the USA requirements, which is the head of the executive board and national president of the Breed; the executive board requirements; the colors man requirements, who takes care of the colors, jackets; treasury requirements; secretary requirements; and the sergeant at arms requirements.

That is for the Breed Motorcycle Club.

There is also here a copy of the Pagan Motorcycle Club constitution and a copy of the Wheels of Soul Motorcycle Club constitution.

Senator **Rudman**. Without objection, they will be incorporated into the record.

[The documents referred to were marked "Exhibit No. 8," for reference, and follow:]

EXHIBIT 8

Breed M.C.

By-Laws

PROSPECTS

A. Requirements.

1. New prospects must be brought in by a member in good standing.
2. He must be at least 21 years of age.
3. He must own and ride a motorcycle of 1,000 cc or over. HD
4. He is required to be at every meeting, run or club event while on probation period unless excused.
5. Anything within reason that he is told to do by any member of the BREED (in good standing) must be done. If he feels it is unreasonable, he must contact a member of the exec. board for clearance.
6. When his probation period is over, he must be voted in by 100% of the exec. board and ⅔ of the members present.
7. No person will be voted in as prospect or member on any night other than a regular meeting night.

COLORS

1. There will be initial fee of $15.00.
2. Colors will be $35.00.
3. Property colors will be $15.00.
4. Colors will be a Betsy Ross flag with the Breed banner on the top and chapter on the bottom.
5. Club colors must be worn at all times while riding motorcycle. All reasons for not wearing them will be evaluated by the exec. board. A non-valid reason will

result in a penalty, colors will be pulled and returned at the discretion of the exec. board.

6. Mother chapter exec. board has the power to pull any members colors in any chapter including property colors (any chapter exec. board can pull its own including property.)

7. When any member who falls three weeks behind in his dues or misses 3 meetings in a row, it will be up to ⅔ of the members present to decide whether or not his colors will be pulled.

8. Colors will be worn by members ONLY if a member quits or is removed, his colors will be surrendered.

9. Property colors will be given by members only. Wearers of property colors will obey all rules applying to same.

10. Property colors will be of the same design as members colors except instead of the Betsy Ross flag, it will say Property of.

11. When any member's colors are pulled, the exec. board when pulled then will be responsible for their return.

12. When your colors are pulled, you are still responsible for attending meetings, runs, and general affairs and pay dues as usual.

MEETINGS

1. All chapters of the BREED will hold closed meetings with only members and prospects attending.

2. Any BREED member visiting any other BREED chapter club house or meeting place will be under the jurisdiction of the exec. board.

RESTRICTIONS

1. No member can belong to any other motorcycle club and still remain a member of the BREED.

2. Under NO circumstances will there be any fighting between BREED members for any reason what so ever.

3. If there is any trouble between members, contact a member of your exec. board for a decision.

4. There will be no tampering with a member's bike without permission of the owner.

5. No member will steal from another member.

6. No person shall carry weapons or drugs in the club house except by consent of the exec. board.

MANDATORY RUNS

1. The mother chapter has the power to call a mandatory run for either mother chapter, all chapters combined.

2. When a mandatory run is called whether for one day or more you must attend for the whole run unless you contact a member of your exec. board and tell him exactly why you will be unable to attend.

3. All reasons for missing a mandatory run will be evaluated by the exec. board for penalty. Colors will be pulled until the penalty is fulfilled.

4. A fine of $50.00 will be paid by any member not attending a club run without good reason plus additional is decided by the exec. board.

EXECUTIVE BOARD

1. If any member of the exec. board rejects a prospect for membership his motives will not be questioned.

2. A minimum of exec. board will be 5 members, the maximum member will be 7.

3. If a member of the exec. board or officer commits conduct unbecoming BREED, it will take 100 percent vote of the exec. board to throw him off.

1. Elections will be held in December of each year.

2. Newly elected officers will take office in January.

3. Officers and duties are as follows:

President—Presides at all meetings and other club functions.

Vice President—Assists the President in his duties and takes over when the President is unable to attend.

Secretary—Keeps records and information on club activities and equipment.

Treasurer—Keeps all money and keeps records pertaining to the same.

Sgt. At Arms—Keeps order at all meetings and other club functions; enforces club and decisions.

Road Captain—Leads club on runs, is responsible for knowing directions.

NOMAD

1. Nomad members must contact their Chapter at least once every two weeks.
2. A Nomad's dues will be $5.00 per month.
3. If he is reasonable distance from another chapter, he must attend their meeting.

DUES AND TREASURY

1. Dues will be $10.00 per week.
2. Members who fall three weeks behind in their dues will be restricted from using benefits, equipment and money.
3. Money will be loaned to members (in good standing) for emergencies at a rate of 10 percent compounded monthly.

SPECIAL RULING

1. There will be a $5.00 fine for washing your colors.

PRESIDENTS REQUIREMENTS

A. Head Executive Board Meeting:
1. To be at all Head Executive Board Meetings. If not possible notify man in charge that he will have a representative present.
2. Contact whoever is in charge of the Head Executive Board meeting before first Saturday of each month for place, time, date, or cancellation.
3. To have records and money for reference and bills.
4. Summary of last month's chapter progress.

B. To His Chapter:
1. Make all meetings! If not possible, notify his Vice President.
2. To confide in the Vice President and the Executive Board on all matters and decisions.
3. President will give and read Prospect By-laws to all new prospects.
4. Must have a complete phone number list of entire chapter.
5. To go over chapter books with his officers and executives once a month.
6. Must be in club for one year to qualify to become president. If man falls under that time it will be decided upon by Mother Chapter and discussed at Head Executive Board Meeting.
7. When a man is elected president he is automatically an executive.

VICE PRESIDENTS REQUIREMENTS

1. To be ready at all times to fill the president's position if need be.
2. To keep in close contact with his president on club matters.
3. Must have a complete phone number list of the entire chapter.

"U.S.A. REQUIREMENTS"

1. To be present at Head Executive Board Meetings.
2. U.S.A. will be a free floating agent among all chapters, dividing his time equally among all chapters, and showing no partiality to any one chapter.
3. It will require a ⅔ vote of all presidents to impeach U.S.A.
4. If anything beyond our control happens to the Head President that will deprive him of carrying out his duties, the president of the Mother Chapter will automatically take over for him. If the Head President is unable to resume his office, another election will be held and a new U.S.A. will be elected from the presidents of the existing chapters. (If any new chapters have been aided by this time, their presidents will be included in the election.)
5. The Head Presidents bottom rocker will read "U.S.A."
6. No individual can pull the Head Presidents flag.
7. To over-rule any decision by U.S.A., any complaints must be brought to the Head Executive Board Meeting and decided by a president's vote.
8. A man must be in the club five years to be eligible for the position of U.S.A.
9. U.S.A.'s word is law! His decisions will not be questioned. If they are disagreed with, it must be brought before the Mother Chapter Executive Board.
10. He must be a class patch holder.

11. Nominations for U.S.A. will be taken in the first Head Board Meeting at the beginning of the year (January) by Executive Members. A vote will be taken by attending members at the February Board Meeting.

EXECUTIVE BOARD REQUIREMENTS

1. To make decisions pertaining to his chapter.
2. To confide in the other members of his executive board.
3. To be at all meetings. If not possible notify his president or next in command.
4. There is no time limit before a man can become an executive board member.
5. The membership will bring up people for the executive board when the position is open. Executive board members will vote on them. They do not have to accept any of them.

COLORS MAN REQUIREMENTS

1. Make every Executive Board Meeting.
2. If unable to make meeting, contact your president for further arrangements immediately.
3. Records must be present at all meetings.
4. Ask chapter if there are any new members or any drop outs.
5. No colors will be ordered unless paid for.
6. All colors received must be signed for by chapter representatives.
7. Duplicate records of all colors must be kept.
8. Master records will never be taken out of safe keeping.
9. All business transaction must be dated.
10. Each chapter will be given a price list for colors.

TREASURER REQUIREMENT

1. To be at all his chapter meetings.
2. To collect dues and keep accurate records of chapter finances.
3. To bail brothers out of jail (24 hour call).
4. In general, to handle all financial matters of chapter.

SECRETARY REQUIREMENTS

1. To be at all his chapter meetings.
2. To take minutes during the meeting (in duplicate).
3. To transact chapter business as required by Executive Board.

SERGEANT-AT-ARMS REQUIREMENTS

1. To be at all his chapter meetings.
2. To keep order at meetings and all club functions.
3. To set fines (up to his own discretion).

WHEELS OF SOUL

CONSTITUTION

SECTION ONE—NAME

This organization shall be known as the WHEELS OF SOUL MC.

SECTION TWO—OBJECT

It shall be the object of this organization to inform and advance the interest of the members.

SECTION THREE—AFFILIATION

This club shall be affiliated only with such other organizations as the membership may determine.

SECTION FOUR—ELIGIBILITY

To become a prospect of the WHEELS OF SOUL, an applicant must possess these qualifications:

A. The applicant must be a male, minimum age is 18.
B. A person may prospect between February 1 and April 30 without a motorcycle.
C. Possess a motorcycle with the minimum displacement of 450 cc.
D. Have a sincere interest in the club and its activities.
E. Anyone interested in this club has the privilege of attending one free meeting, in order to determine if this club is what he has in mind. Upon his next meeting, he is required to pay a prospect fee of $30.00, which is to be paid in full.

Anyone wanting to join this club must be presented by a member in good standing who will be responsible for his actions while he is prospecting.

F. All prospects of the WHEELS OF SOUL are required to make all mandatory runs.

SECTION FIVE—OFFICERS

The elected officers of this club shall be: President, Vice President, Secretary, Treasurer, Business Manager, Sergeant at Arms, and other offices pending presidential designation. The term of all officers will extend for one (1) year.

* * * * * * *

SECTION ELEVEN—DUTIES OF THE SERGEANT AT ARMS

A. At any closed meeting or gathering he shall examine all persons present to ascertain if they are members in good standing.
B. He shall not permit any person not in good standing to remain.
C. He shall assist the President in preserving order.
D. He is to present any new prospects to the floor for approval, and if not approved, he is to escort said persons OFF THE PREMISES.

SECTION TWELVE—DUES

A. Dues shall be paid on a weekly basis, a minimum of $2.50 per member.
B. Any member who quits or is dismissed shall not receive any refunds.
C. If a member is three weeks behind in his dues, and is without sufficient cause, such as illness, hospitalization, etc., he shall be suspended from all activities of the club, and shall be required to turn in his WHEELS OF SOUL patch until such time as he can elevate himself and his financial standings to improve the security of the club.

SECTION THIRTEEN—LAW & ORDER

Mother Chapter shall have the right to discipline by fine, suspension, or both, or by expulsion, any member of the club who may be found guilty, after a hearing of a violation of the Constitution and/or By-laws, or the general good or welfare of the club.

SECTION FOURTEEN—TRIALS

A. If a member of the Club commits an offense against the Constitution and/or By-laws, or the general good and welfare of the club, he shall be given a hearing, and trial by the officers and members.
B. The offense shall be presented by the member making the charge to the officers of his chapter.
C. The decision of the officers shall be final on a national level (Mother Chapter).

SECTION FIFTEEN—RULES AND REGULATIONS

A. If a WHEELS OF SOUL member punches a non-W.O.S. all other WHEELS OF SOULS will participate.
B. All members must make all mandatory runs.
C. This club will meet at least once a week for regular meetings.
D. Mandatory runs are scheduled for May 1, May 30, June 15 (weekend), July 4, and Labor Day (weekend).
E. When an entire club joins, each person will pay $30.00 joining fee. All officers from new chapters will get colors from Mother Chapter to distribute to their people. All colors and patches will come from Mother Chapter.
F. When in "group" formation on the highway, the first two bikes are permitted to use their high beams; all others use low beams.

G. All members are required to observe all the State, city and county laws of that area.

H. All bikes must be in operable condition before going on trips, subject to inspection.

I. The club shall not be responsible for any bikes that are carried on trailers; with the exception of the absence of owner.

J. When riding in club formation, no member shall leave his formation unless authorized by the Road Captain or in the event of a breakdown. The only men who are authorized to leave the formation at any given time are the Road Captain and the Road Sergeant.

K. Upon reaching a destination, any member may participate in any event that he wishes, as long as he has the moral welfare of the club in mind, and that his activities will not mar the image that his club is striving to maintain.

L. If any member leaves the club for any reason, he must return all patches, equipment, and material that belongs to WHEELS OF SOUL.

M. This club will not tolerate any disrespect of its officers and female riders, prejudice and thievery, under penalty of fine or expulsion.

N. Each member will respect his brothers' property (wife—girlfriend, etc.).

O. Loose patches must be approved by the President.

P. All recognized patches will be earned.

Q. No member's motorcycle will be disabled more than two weeks between May 1 and November 1 without the club's permission.

R. All members should make it a point to attend activities of other chapters, to promote better relations between chapters (financial and social).

S. Each member should make contact with three other members during the week (other than meeting night) to keep abreast with club activities.

NEW AMENDMENTS

1. $1.00 per month per member will be paid to the newly-formed National Treasury to enable us to meet expenses of expansion, tools, printing and mailing, etc.

AMENDMENTS TO THE CONSTITUTION OF WHEELS OF SOUL M.C., INSTITUTED JANUARY 3, 1976

1. The date for officer's elections will be moved from its present form to the first meeting day in January. Mother Chapter will begin in 1976, all other chapters conform to this amendment in 1977.

2. In the election for the office of national president, all chapters shall be empowered to cast one vote through an appointed officer.

3. For the office of national president, any member of any chapter may be nominated, based on the following requirements:

a. Nominee must have been a chapter president, and been a member for a total of at least five years.

b. Nominee's chapter must be in good standing, and have existed as a chapter for at least a year.

4. In national presidential elections, Mother Chapter maintains the power of veto over election results by unanimous vote of the chapter. The use of the veto may be brought up for review by any chapter president with his chapter's backing.

5. In the case of a non-Mother member being elected to the national presidency, he shall only accept the office with the understanding that he shall change his bottom rocker to Philadelphia, and in every sense be a Mother member for as long as he is in office.

6. In the case of a non-Mother member being elected to the national presidency, it shall be specified that the office of vice-president shall be held by a Mother Chapter member, toward the efficiency of the president.

PAGAN'S M.C. CONSTITUTION

CLUB ORGANIZATION

The Pagan motorcycle club is run by the Mother Club. The Mother Club has last and final say so on all club matters. Any violation of the constitution will be dealt with by the Mother Club.

CHAPTER ORGANIZATION

Six (6) members needed to start a chapter. Four (4) officers, no new chapter may be started without approval of the Mother Club.

PRESIDENT

Runs chapter under the direction of the Mother Club. Keeps chapter organized, makes sure chapter business is carried out and inspects all bikes before runs and makes President meetings.

SERGEANT AT ARMS

Makes sure Presidents orders are carried out.

VICE PRESIDENT

Takes over all Presidents duties when the President is not there.

SECRETARY TREASURER

In charge of minutes of meetings and treasury. No members may change chapters without the Mother Club members permission in his area. All present chapter debts are paid and is approved by the president of the new chapter he wishes to change to. If a member has a snival, he must use chain of command, in other words, (1) His Chapter President, (2) Mother Club member in area, (3) President of Club.

MEETINGS

1. Chapters must have one organized meeting per week.
2. Chapters meetings are attended by members only.
3. Members must be of sound mind (straight) when attending meetings.
4. If a Mother Club member attends a meeting and a member is fouled-up, he will be fined by the Mother Club member.
5. Miss three (3) meetings in a row, and your out of the club.
6. Members must attend meeting to leave club and turn in his colors and everything that has the name "PAGAN'S" on it. (T-Shirts, Wrist Bands, Mugs, Etc.)
7. If a member is thrown out of the club or quits without attending meeting, he loses his colors, motorcycle, and anything that says "PAGAN'S" on it, and probably an ass kicking.
8. When a member is traveling, he must attend meeting of the area he is traveling in.
9. If a vote is taken at a meeting and member is not there, his vote is void.
10. Members must have colors with him when attending meeting.

BIKES

1. All members must have a Harley Davidson 750-1200CC.
2. If a member is not of sound mind or fouled-up to ride his motorcycle in the opinion of another member, his riding privilege may be pulled by said member until he has his head together.
3. All bikes must be on the road April 30th, or otherwise directed by the Mother Club.
4. All members must have a motorcycle license.

MANDATORIES

Two (2) mandatories, July 4th, and Labor Day. Mother Club may call additional mandatories if need be.

FUNERALS

1. If a member dies in a chapter, it is mandatory for all members in his chapter to attend funeral.
2. Chapter is in charge of taking care of all funeral arrangements, parties, police, procession, etc.

PARTIES

Pagan parties are Pagan parties only. Each chapter must throw (1) party or run per year.

RESPECT

1. Respect is to be shown to all Mother Club members, officer members, members personal property, Bike, Old Lady, House, Job, etc. In other words, if it's not yours, "Don't Mess With It."

2. No fighting among each other is allowed, any punches to be thrown will be done by the Sgt. Arms or a Mother Club Member.

3. No Stealing from members.

4. Respect your Colors.

COLORS

1. President gets colors from Mother Club member in area when new member is voted in.

2. When a member leaves club, the president of his chapter turns over his colors to the Mother Club member in his area.

3. Respect your Colors, don't let anyone take them from you except the president of your chapter or a Mother Club member.

4. No colors are worn in a cage, except during funerals and loading or unloading a bike from a truck.

5. Nothing will be worn on the back of your jacket except your colors, Diamond, 13 patch.

6. No Hippie shit on the front.

7. Colors are to be put on cut off denim jackets only.

8. The only member who may keep his colors if he leaves the club is a Mother Club Member.

OLD LADIES

1. Members are responsible for their old ladies.

2. Members may have more than one (1) Old Lady.

3. Members may not discuss club business with their Old Lady.

4. No Old Ladies allowed at meetings.

5. No property patch is worn on an old lady. So if you see a chick you better ask before you leap.

PROSPECTS

1. Prospect must be at least 18 years old.

2. Prospect must be sponsored by one member who has known him at least one year.

3. Sponsor is responsible for prospect.

4. Prospect must have motorcycle.

5. Prospect must ride his bike to meeting at time of being voted into club.

6. Prospect can not do any drugs.

7. Prospects can not carry weapons at meetings and Pagan functions, unless otherwise directed by his President.

8. No stealing from Prospects.

9. Prospects must attend all meetings and club functions.

10. Prospects must do anything another member tells him to do, that a member has done or would be willing to do himself.

11. Prospect must be voted in by all members of the chapter and Three (3) Mother Club Member.

12. Prospects must pay for his colors before receiving them.

13. Prospects period is determined by Mother Club Member.

14. Pagan's M.C. is a motorcycle Club and a non-profit organization.

Senator NUNN. There is no need for those to be sealed. They can be open documents, can they not?

Mr. ROBERSON. No, sir. They cannot.

Senator NUNN. Are you saying they can't be?

Mr. ROBERSON. No. They cannot go out to the press.

Senator NUNN. These cannot?

Mr. ROBERSON. No, sir.

Senator NUNN. Could you give us the reason for that? Is there a reason?

Mr. **Roberson**. I would prefer that they stayed confidential documents.

Senator **Nunn**. Mr. Chairman, I would ask these be sealed exhibits.

Senator **Rudman**. All right, these records will be sealed. I just want to pursue it, sergeant, if I can.

I respect your wishes since you brought this to us, but since you know what is in them, since they know what is in them, why can't the rest of the world know what is in them?

What is the problem?

Mr. **Roberson**. I think it would be better if we kept them not for publication.

Senator **Rudman**. I know that is how you feel. Could you tell me why? I am not going to object to that. I mean these are not unique. This is their standard constitution, the one that they have. There are no identifying names in here. Would people know you had them? Would making them public indicate how you got them?

Mr. **Roberson**. No, sir.

Senator **Rudman**. I want to pursue it for a minute. We prefer not to close any part of our record unless we feel there is a reason. We are glad to, if there is a reason. I understand your desire. I am not yet quite sure of the reason.

Mr. **Roberson**. OK. I will change my mind on that. I will allow them to be distributed.

Senator **Rudman**. Fine. I think that would be good. We are trying to inform the public. That is the purpose of the hearings. Obviously, unless there was something in there, without your objection, I would like to keep these as an open part of the record.

Mr. **Roberson**. Yes, sir.

Senator **Nunn**. Let me suggest, Mr. Chairman, I agree with you completely on that, I would like for them to be open, if we could give the witness a chance to check with perhaps some his superiors. I had understood they would be available and they would be open. This is the first I had known about it. If we could give him a few minutes, leave that question open until the hearing closes, we could hear further from Mr. Roberson, if he has a reason for keeping them closed.

Senator **Rudman**. Fine. I think that is good.

Senator **Cohen**. I have just a couple of brief questions, Mr. Chairman.

You indicate that the level of weapons that motorcycle gangs have acquired has escalated substantially. This subcommittee has been involved with technology transfer in dealing with the transfer of high technology to the Soviet Union. I noticed from your statement, some of the gangs have acquired blast simulators for cruise missile systems. How did they get them?

Mr. **Ellis**. That came from a raid in Marcus Hook in Delaware County back in 1976. It was traced by the Bureau of Alcohol, Tobacco and Firearms to the federal system, I guess the military would have access to that.

Senator **Cohen**. Am I correct that a number of these motorcycle gang members are former members of the armed services?

Mr. **Ellis**. That is correct.

A lot of them have significant training in demolition and areas of that nature.

Senator COHEN. Is there any indication that there is a supply line leading from the gangs back to the individual services? How would they get a blast simulator for a cruise missile system?

Mr. ELLIS. They would steal it from the Federal Government, from the military, as well as the grenades, plastic explosives, the automatic weapons.

Senator COHEN. The cruise missile technology is on a different level than handgrenades and sawed-off shotguns, machineguns, or M-16's. That is an entirely different level of technology. I am just wondering whether or not there is any evidence that they have access to the services' weapons. You indicated that their girlfriends are placed on the staffs of high-level officials. Is there any indication that they have maintained a supply line back into the services to acquire this kind of technology?

Mr. ELLIS. I have no information that indicates they have a definite supply line, no.

Senator COHEN. The other question that I have is what sort of sentences have the judges been handing out for gang members who have been convicted of the various offenses?

Mr. ELLIS. In Delaware County, Pa., we have received significant cooperation from the judicial system. Some of the sentences range as high as 10 to 20 years. I think they have been educated to the problem. They recognize the problem and they are giving out the appropriate sentences.

Senator COHEN. That is some good news, I would say, to Senator Nunn and Senator Rudman. This is one of the few times in all of the hearings we have held in the last 4 or 5 years—whether we talked about chop shops or fraud in our financing of health care systems—that time has not paid. It has always been a situation where there are big profits involved, very little risk of detection, very little risk of prosecution, little risk of conviction, and little risk of stiff sentences—all of which have contributed to making a life of crime very attractive. So to the extent that this is a departure from that policy, it is good news amid all the bad news that you have been giving us.

Thank you very much.

Senator NUNN. Just two other questions, Mr. Chairman.

Mr. Roberson, I understand you have read the prepared statement based on interviews of Mr. Edward Jackson. That is an assumed name for a member of the Pagans. He is going to testify this morning.

Have you read that statement?

Mr. ROBERSON. Yes, I have.

Senator NUNN. Are you familiar with the case involving Mr. Jackson, his background, and so forth, and generally the subjects on which he will speak in that statement that has been prepared?

Mr. ROBERSON. Yes, sir, I am.

Senator NUNN. Is that statement based on your knowledge and experience an accurate portrayal as you know it, Mr. Jackson, his activities, his associates, and the general events he described?

Mr. ROBERSON. Yes; it is an actual portrayal of Mr. Jackson's involvement.

Senator **Nunn**. You know his real name and you know Mr. Jackson is his assumed name for the purpose of these hearings?

Mr. **Roberson**. Yes, sir.

Senator **Nunn**. Mr. Katz, I understand that you have read the prepared statement of Mr. William Costello, who will testify here this morning. Is that correct?

Mr. **Katz**. Yes; I have.

Senator **Nunn**. I will repeat the same question I asked Mr. Roberson.

Are you familiar with Mr. Costello, first of all?

Mr. **Katz**. Yes, I am familiar with Mr. Costello.

Senator **Nunn**. That is his real name, is that correct?

Mr. **Katz**. That is the name he had before he went into the witness protection program.

Senator **Nunn**. Are you familiar with the events described in his statement generally?

Mr. **Katz**. Yes, I am.

As a matter of fact, Senator, I have some of the search warrants we prepared based on the information Mr. Costello furnished to us during that investigation. I would like to have them admitted as an exhibit into the record.

Senator **Rudman**. Those will be admitted, without objection.

[The document referred to was marked "Exhibit No. 9," for reference, and follows:]

EXHIBIT NO. 9

SEARCH & SEIZURE WARRANT

STATE OF MARYLAND

BALTIMORE COUNTY

TO: Corporal Joseph T. Kelly, Maryland State Police, or any other Maryland State Police Officer.

GREETINGS:

WHEREAS, it appears to me, the subscriber, Edward D. Hardesty Judge of the ~~Circuit~~/District Court, Baltimore County, State of Maryland, by the written information of the Affiant, hereinafter named, that there is probable cause to believe that a felony is being committed, in that the laws relating to the Illegal Storing of Stolen Property and Receiving Stolen Goods, as defined in Article 27, Sections 466 and 467 of the Annotated Code of Maryland, 1957 Edition as amended and revised, dealing generally with stolen property to wit: Harley Davidson Motorcycles and Harley Davidson Motorcycle engines are being violated in and upon a certain business establishment known as Bud and Bobs Cycles, 7328 Golden Ring Road, Essex, Baltimore County, Maryland. Said establishment is more particularly described as being located on the north side of Golden Ring Road at the intersection of Orems and Stemmers Run Road. Further that said establishment consists of two buildings located at the address and maintained together. That building number one is located adjacent to Golden Ring Road, Essex, Baltimore County, Maryland and is described as a one story white stucco building with a black asbestos roof. Atop the roof of building number one appears a large yellow and black sign which states "Bud and Bobs Cycle, Complete Chopper Service". Entrance is gained to building number one via a wooden door, painted yellow, located at the front of the building. That building number two is located directly behind and to the right of building number one. Building number two is more particularly described as a one and one half story white stucco building with a asbestos roof. At the right corner of building number two appears a sign stating "McGeary Racing Tires". Entrance to building number two is gained via sliding grey garage doors and a 3' by 6' grey wooden door located at the front of the building. Directly to the west of Bud and Bobs Cycles, on Golden Ring Road, Essex, Baltimore County, Maryland, is located "Buckhardts Tavern", address of 7326 Golden Ring Road, Essex, Baltimore County, Maryland.

Page Two - Search Warrant

And I am satisfied that there is probable cause to believe that there is now being concealed certain property, namely stolen Harley Davidson Motorcycles and stolen Harley Davidson Motorcycle engines on the person/premises/vehicle above described and that the foregoing grounds for application for issuance of the search warrant exist.

The name of your affiant is Corporal Joseph T. Kelly of the Maryland State Police Intelligence Division.

You are, therefore, hereby commanded, with the necessary and proper assistance to:

a. Enter and search the person/s, premises and vehicle as completely described above;

b. Search the person/s and clothing of Pagan Motorcycle Club members, and all other person/s found in or upon said premises and vehicle who may be participating in violations of the statutes hereinbefore cited; and who may be concealing weapons injurious to the officers safety;

c. Seize all evidence, stolen property, altered property and weapons used in or incidental to the conduct or operation of Possession and Receiving of Stolen Property found in or upon said premises, persons and vehicles;

d. Arrest all persons found in or upon said premises who may be participating in violations of the statutes hereinbefore cited; and

e. Bring said persons, evidence and paraphernalia before me, the subscriber, or some Magistrate of the State in and for the County aforesaid, to be dealt with and disposed of according to law.

HEREOF, fail not to your peril and have you then and there this Warrant.

GIVEN under my hand this 5 day of February, in the year of Our Lord, 1976.

Edward D. Hardi

JUDGE

APPLICATION & AFFIDAVIT FOR SEARCH & SEIZURE WARRANT

TO: The Honorable Edward D Hardesty, Judge of the District Court, Baltimore, County, State of Maryland.

APPLICATION is herewith made for a Search and Seizure Warrant in that there is probable cause to believe the laws relating to the illegal storing of stolen property and receiving of stolen goods, as defined in Article 27, Section 466 and 467 of the Annotated Code of Maryland, 1957 Edition as amended and revised, dealing generally with stolen property, to wit: Harley Davidson Motorcycles and Harley Davidson Motorcycle engines are being violated in and upon a certain business known as Bud and Bobs Cycles, 7328 Golden Ring Road, Essex, Baltimore County, Maryland. Said establishment is more particularly described as being located on the north side of Golden Ring Road at the intersection of Orems and Stemmers Run Road. Further that said establishment consists of two buildings located at the address and maintaine together. That building number one is located adjacent to Golden Ring Road, Essex, Baltimore County, Maryland and is described as a one story white stucco building with a black asbestos roof. Atop the roof of building number one appears a large yellow and black sign which states "Bud and Bobs Cycle, Complete Chopper Service". Entrance is gained to building number one via a wooden door, painted yellow, located at the front of the building. That building number two is located directly behind and to the right of building number one. Building number two is more particularly described as a one and one half story white stucco building with a asbestos roof. At the right corner of building number two appears a sign stating "McGeary Racing Tires". Entrance to building number two is gained via sliding grey garage doors and a 3' by 6' grey wooden door located at the front of the building. Directly to the west of Bud and Bobs Cycles, on Golden Ring Road, Essex, Baltimore County, Maryland, is located "Buckhardts Tavern", address of 7326 Golden Ring Road, Essex, Baltimore County, Maryland.

The name of your affiant is Corporal Joseph T. Kelly of the Maryland State Police Intelligence Division.

In support of this application and the basis for probable cause your affiant deposes and says:

That the name of your affiant is Corporal Joseph T. Kelly of the Maryland State Police Intelligence Division. Your affiant Kelly has been a police officer for eight years and six months and has been regularly assigned to investigate the laws governing narcotics and stolen property for the past six and one half years. Your affiant Kelly has attended numerous schools and seminars directed at teaching proper enforcement methods for these crimes. Your affiant Kelly has conducted numerous investigations for these crimes and has participated in many arrests, throughout the State of Maryland for these crimes;

That on 1/29/76 your affiant made physical contact with Trooper First Class Terry Lewis Katz, of the Maryland State Police Intelligence Division, that Trooper First Class Katz has been assigned to the Intelligence Division since October 10, 1971 and has direct contact with persons involved in "Outlaw Motor-Cycle Clubs" and through Trooper First Class Katz's knowledge, experience, special training and knowledge from previous investigations Trooper First Class Katz is thoroughly familiar with the inner workings of outlaw motorcycle clubs;

That TFC Katz advised your affiant that through the course of prior investigations, conducted by him (Katz), thoroughly documented direct links have been established between the Pagan Motorcycle Club (PMC) and large amounts of thefts involving motorcycles, motorcycle parts, weapons and automobiles; TFC. Katz through his previous knowledge and sources completely reliable advised your affiant that members of the Pagan Motorcycle Club are in the practice of stealing complete motorcycles; storing these motorcycles at several locations in and around the Baltimore Metropolitan area; dismantling these motorcycles; changing pertinent identification numbers and selling these stolen motorcycles either completely assembled or as parts. That TFC Katz advised your affiant that information received, completely reliable, indicated stolen motorcycles to be stored at several locations owned or maintained by members of the Pagan Motorcycle Club; that TFC Katz advised these locations to be: 2743 Park Drive, Baltimore Highlands, Baltimore County, Maryland; Bud and Bobs Custom Cycle Shop, 7328 Golden Ring Road, Essex, Baltimore County, Maryland; and One Eye's Custom Cycles, 401 Mace Avenue, Essex, Baltimore County, Maryland;

That TFC Katz advised your affiant that on 1/29/76, he (Katz) met with a reliable Confidential Informant in the Baltimore County area; that said Confidential Informant is completely reliable, having supplied TFC Katz with true and correct information with reference to Pagan Motorcycle Club members, in the past; the most recent information being supplied early in January, 1976. Resulting from direct information supplied by the Informant two arrests of Pagan Motorcycle Club members have been effected by various Maryland Law Enforcement Agencies and more arrests are anticipated. To date judicial action is pending on the aforesaid two arrests; that said Confidential Informant is a member of the Pagan Motorcycle Club and has been so for approximately four (4) years. This membership by said Confidential Informant enables him to make personal observations; and gain first hand knowledge of various criminal activities of the Pagan Motorcycle Club.

That said Confidential Informant advised TFC Katz that numerous stolen motorcycles and motorcycle engines were presently being stored in a business establishment known as Bud and Bob's Custom Cycles, 7328 Golden Ring Road, Essex, Baltimore County, Maryland. Said Informant advised that he/she had personal knowledge that these items were, in fact, located in the aforesaid Bud and Bob's Cycles as he/she has delivered stolen motorcycles and motorcycle engines numerous times in the recent past;

That on February 2, 1976, your affiant Kelly met with a Confidential Informant who is proven reliable, having supplied your affiant with true and correct information numerous times in the recent past, the most recent information having been supplied early in January, 1976. That resulting from information supplied by the aforesaid informant, two (2) arrests have been effected by the Federal Drug Enforcement Agency and more arrests are anticipated. That to date these cases have not been tried. That the above informant is a member of the Pagan Motorcycle Club and this membership enables him to make personal observations; and gain first hand knowledge of various criminal activities of the Pagan Motorcycle Club.

That said Informant advised your affiant that Bud and Bob's Custom Cycles, 7328 Golden Ring Road, Essex, Baltimore County, Maryland, is heavily involved in the receiving of stolen motorcycles, particularly Harley Davidson Motorcycles, and altering serial numbers on frames and engines. The Informant knows this to be true as he/she has delivered stolen motorcycles and Harley Davidson motorcycle engines, to be re-numbered, to Bud and Bob's Cycles numerous times in the past.

Further, that the Informant advised that Bud and Bob's Cycles conducted most of their (Bud and Bob's) illegal motorcycle transactions with Pagan Motorcycle Club members, Clifford Eugene Plaster, aka: "Sitting Bull", John Adwell Williams, aka: "Little John" and associate members Joseph Slaughter, NFD, and Bruce Creasey, NFD. The informant advised that Plaster and Williams commanded a price of four hundred dollars per motorcycle and Slaughter and Creasey commanded, of Bud and Bob's Cycles, a price of two hundred dollars per motorcycle. The Informant knows this to be true as he/she was approached by Plaster and Williams, during the beginning of January, 1976 and was advised, by Plaster and Williams, of the prices. That Plaster and Williams asked the Informant to speak with Slaughter and Creasey and encourage them to raise their price, per motorcycle, to four hundred dollars.

The Informant advised further that during the latter part of December, 1975 he/she purchased a Harley Davidson Motorcycle, 1952 Panhead model, from Joseph Slaughter and Bruce Creasey and that the above two subjects stole the aforesaid Harley Davidson motorcycle from Chambersburg, Pennsylvania. The Informant advised that he/she sold the aforegoing Harley Davidson motorcycle to David Cook, a Pagan Motorcycle Club member, and that the Informant and David Cook delivered the engine, from the Harley Davidson motorcycle, to Bud and Bob's Cycle. That the informant advised that Bud and Bob's Cycles were to alter the pertinent serial numbers on the above motor and that Cook was charged one hundred dollars for the service. The Informant advised that as of January 15, 1976, the motor was located at Bud and Bob's Cycles. The Informant knows this to be true as he/she was advised by Cook, on January 15, 1976, that the Harley Davidson motorcycle engine, as aforesaid, was still in the possession of Bud and Bob's Cycles.

Further, that the Informant advised that he/she personally bought a stolen Harley Davidson motorcycle from John Williams and Clifford Plaster and that the pertinent engine numbers were altered by Bud and Bob's Cycles. That the Informant delivered the aforegoing engine to Bud and Bob's to be altered. That on 2/2/76, your affiant had occasion to recover the abovementioned Harley Davidson motorcycle and that preliminary forensic tests revealed the engine numbers to be, in fact, altered. Subsequent checks, by your affiant, revealed the aforesaid motorcycle to be stolen and reported to the Baltimore County Police Department on July 3, 1975 by Kenneth Wayne Blackburn, the complainant, a Baltimore City Police Officer. That on 2/3/76 Officer Blackburn postively identified the motorcycle through markings which were inscribed in various places on the motorcycle, by him.

That on 2/4/76, your affiant Kelly caused a surveillance to be conducted on Bud and Bob's Cycles, 7328 Golden Ring Road, Essex, Baltimore County, Maryland. That during this surveillance, there was observed numerous motorcycles, on and about the premise, and activity centered around the two buildings, as aforesaid. That a black 1969 Chevrolet Pick-up Truck, Maryland registration J 86412 and listed to James Howard Vogel, 16 Elmont Avenue, Baltimore, Maryland 21200, bearing the name "Bud and Bob's Cycles" was parked in front of the rear building. That individuals were observed exiting the rear building and entering the front building and visa-versa.

That your affiant is familiar with the above location known as 7328 Golden Ring Road, Essex, Baltimore County, Maryland. Due to the location of this establishment, your affiant feels that any further surveillance may cause the occupants to become suspicious thus jeopardizing this investigation.

That your affiant caused numerous checks to be made with Local, State and Federal Law Enforcement Agencies in the Maryland area with reference to the above stolen motorcycles, that these agencies have reported numerous thefts of these items but specific thefts cannot be pinpointed until the correct identification numbers can be revealed by forensic means;

That your affiant further believes the information supplied to him as aforesaid, by the aforesaid Confidential Informant, is reliable since it is a declaration upon his own penal interest. Further that this Confidential Informant is aware that he could be charged for giving falsified information to a law enforcement officer under Article 27, Section 150.

That your affiant avers that based on the information presented to him by TFC Katz, the aforesaid Confidential Informant, and various other law enforcement agencies, as aforesaid, and your affiant's knowledge and experience, as aforesaid, has probable cause to believe, and he does believe, that certain stolen items; more particularly; motorcycles and motorcycle parts are being stored and concealed at Bud and Bob's Cycles, 7328 Golden Ring Road, Essex, Baltimore County, Maryland and will continue to be concealed at this location since this particular criminal activity is one of continuing occurrence and duration. That true identities and owners can be established by closely examining these items.

Your affiant, therefore, prays that a Search and Seizure Warrant be issued authorizing him, with the necessary and proper assistance, to:

a. Enter and search the premises as completely described above.

b. Search the person/s and clothing of Pagan Motorcycle Club members present and all other person/s found in or upon said premises who may be participating in violations of the statutes hereinbefore cited; and who may be concealing weapons injurious to the officers safety.

c. Seize all evidence, dies incidental to altering motor serial numbers, stol property and weapons used in or incidental to the conduct or operation of possession and receiving of stolen property found in or upon said premises and persons; and

d. Arrest all persons found in or upon said premises who may be participating in violations of the statutes hereinbefore cited.

SUBSCRIBED AND SWORN TO, this 5 day of February, in the year of Our Lord, 1976.

Joseph T. Kelly
Affiant

Before me, a District Court Judge of the State of Maryland, in and for Baltimore County, this 5 day of February 1976, personally appeared Joseph T. Kelly, personally known to me or properly identified, and he made oath that the contents of the aforegoing document are true and correct.

Edward D. Hardie
JUDGE

INVENTORY/RETURN

On February 6, 19 76 , at 6:00 o'clock P. M.

the person
I searched the premises described in the warrant and I left a copy
the vehicle

of the warrant containing the inventory with James Howard Vogel

(name of person searched or name of owner "at the place of search")

The following is an inventory of property taken pursuant to the warrant:

1) 12 cancelled checks, Bud & Bob's Cycle, signed by James Vogel
2) 3 telephone bills
3) 3 gas and electric bills
4) 1 set lettered tool dies
5) 1 metal, flip top, alphabetical phone directory, brown in color
6) 1 set numerical tool dies
7) 1 45 caliber, Model M 1911-67, automatic pistol - Army model (Japan)
8) 1 Smith & Wesson 5 shot revolver - serial #51J500
9) 1 Winfield automatic, 22 caliber pistol, serial #8421, "LeChasseui", made by MAB
10) 1 Colt 22 caliber L. R. automatic pistol "Challenger", serial #72483-C
11) 1 Colt - Army - 45 caliber 6 shot revolver, serial #73165A
12) 1 box 6mm bullets
13) 1 Harley Davidson Chopper motorcycle, year unknown
14) 2 Harley Davidson transmissions, serial numbers ground off
15) 2 plastic bottles containing numerous black capsules
16) 2 styrofoam cups containing numerous black capsules
17) 1 styrofoam cup, containing numerous black and red capsules
18) 1 brown bottle, labeled "Energol" containing numerous capsules
19) 1 Maryland Title # 5282375 for 1952 Harley Davidson motorcycle
VIN 52FL3078, Name: William Simpson Blankner
20) 1 Maryland Title # 3912767, for 1959 Harley Davidson motorcycle
VIN 59FL3059, Name: William Edris Evans
21) 1 Maryland Title # 4766741 for 1957 Chevrolet truck
VIN 3A57B100882, Name: David Lee Knauff

This inventory was made in the presence of James Vogel

and ____________________

I swear that this inventory is a true and detailed account of all the property taken by me on the warrant.

Cpl. S. V. B. English - M.S.P.
signature

Subscribed, sworn to and returned before me this ______ day of

____________________, 19______.

____
JUDGE

SEARCH & SEIZURE WARRANT

STATE OF MARYLAND

Baltimore COUNTY

TO: Corporal Joseph T. Kelly, Maryland State Police, or any other Maryland State Police Officer.

GREETINGS:

WHEREAS, it appears to me, the subscriber, Edward D. Hardesty, Judge of the ~~Circuit~~/District Court, Baltimore County, State of Maryland, by the written information of the Affiant, hereinafter named, that there is probable cause to believe that a felony is being committed, in that the laws relating to the Illegal Storing of Stolen Property and Receiving of Stolen Goods, as defined in Article 27, Sections 466 and 467 of the Annotated Code of Maryland, 1957 Edition as amended and revised, dealing generally with Stolen Property, to Wit: Harley Davidson Motorcycles, Harley Davidson Motorcycle engines and stolen rifles are being violated in and upon a certain garage located at 2-7-4-3 Park Drive, Baltimore Highlands, Baltimore County, Maryland. Said garage is more particularly described as a one story building having green and white asbestos siding and a black tar roof. The garage is located at the rear of a two story white stone house located on the southeast side of Park Drive and bearing the street numbers 2-7-4-3 on the lower left cornerstone. Entrance is gained to the garage via sliding double doors located at the front center of the garage.

And I am satisfied that there is probable cause to believe that there is now being concealed certain property, namely stolen Harley Davidson Motorcycles, Harley Davidson motorcycle engines and stolen rifles on the person/premises/vehicle above described and that the foregoing grounds for application for issuance of the search warrant exist.

The name of your affiant is Corporal Joseph T. Kelly of the Maryland State Police Intelligence Division.

You are, therefore, hereby commanded, with the necessary and proper assistance to:

a. Enter and search the person/s, premises and vehicle as completely described above.

b. Search the person/s and clothing of Pagan Motorcycle Club members, and all other person/s found in or upon said premises and vehicle who may be participating in violations of the statutes hereinbefore cited; and who may be concealing weapons injurious to the officers safety;

c. Seize all evidence, stolen property, altered property and weapons used in or incidental to the conduct or operation of Possession and Receiving of Stolen Property found in or upon said premises, persons and vehicle;

d. Arrest all persons found in or upon said premises who may be participating in violations of the statutes hereinbefore cited; and

e. Bring said persons, evidence and paraphernalia before me, the subscriber, or some Magistrate of the State in and for the County aforesaid, to be dealt with and disposed of according to law.

HEREOF, fail not at your peril and have you then and there this Warrant.

GIVEN under my hand this 5 day of February, in the year of Our Lord, 1976.

Edward D. Harding

JUDGE

APPLICATION & AFFIDAVIT FOR SEARCH & SEIZURE WARRANT

To: The Honorable Edward D Harding, Judge of the District Court, Baltimore, County, State of Maryland.

APPLICATION is herewith made for a Search and Seizure Warrant in that there is probable cause to believe the laws relating to the illegal storing of stolen property and receiving of stolen goods, as defined in Article 27, Section 466 and 467 of the Annotated Code of Maryland, 1957 Edition as amended and revised, dealing generally with stolen property, to wit: Harley Davidson Motorcycles, Harley Davidson Motorcycle engines and rifles are being violated in and upon a certain garage located at 2-7-4-3 Park Drive, Baltimore, Highlands, Baltimore County, Maryland. Said garage is more particulary described as a one story building having green and white asbestos siding and a black tar roof. The garage is located at the rear of a two story white stone house located on the southeast side of Park Drive and bearing the street numbers 2-7-4-3 on the lower left cornerstone. Entrance is gained to the garage via sliding double doors located at the front center of the garage.

The name of your affiant is Corporal Joseph T. Kelly of the Maryland State Police Intelligence Division.

In support of this application and the basis for probable cause your affiant deposes and says:

That the name of your affiant is Corporal Joseph T. Kelly of the Maryland State Police Intelligence Division. Your affiant Kelly has been a police officer for eight years and six months and has been regularly assigned to investigate the laws governing narcotics and stolen property for the past six and one half years. Your affiant Kelly has attended numerous schools and seminars directed at teaching proper enforcement methods for these crimes. Your affiant Kelly has conducted numerous investigations for these crimes and has participated in many arrests, throughout the State of Maryland for these crimes;

That on 1/29/76 your affiant made physical contact with Trooper First Class Terry Lewis Katz, of the Maryland State Police Intelligence Division; that Trooper First Class Katz has been assigned to the Intelligence Division since October 10, 1971 and has direct contact with persons involved in "Outlaw Motor-Cycle Clubs" and through Trooper First Class Katz's knowledge, experience, special training and knowledge from previous investigations Trooper First Class Katz is thoroughly familiar with the inner workings of outlaw motorcycle clubs.

That TFC Katz advised your affiant that through the course of prior investigations, conducted by him (Katz), thoroughly documented direct links have been established between the Pagan Motorcycle Club (PMC) and large amounts of thefts involving motorcycles, motorcycle parts, weapons and automobiles; TFC Katz through his previous knowledge and sources completely reliable advised your affiant that members of the Pagan Motorcycle Club are in the practice of stealing complete motorcycles; storing these motorcycles at several locations in and around the Baltimore Metropolitan area; dismantling these motorcycles; changing pertinent identification numbers and selling these stolen motorcycles either completely assembled or as parts. That TFC Katz advised your affiant that information received, completely reliable, indicated stolen motorcycles to be stored at several locations owned or maintained by members of the Pagan Motorcycle Club; that TFC Katz advised these locations to be: 2743 Park Drive, Baltimore Highlands, Baltimore County, Maryland; Bud and Bobs Custom Cycle Shop, 7328 Golden Ring Road, Essex, Baltimore County, Maryland and One Eye's Custom Cycles, 401 Mace Avenue, Essex, Baltimore County, Maryland;

That TFC Katz advised your affiant that on 1/29/76, he (Katz) met with a reliable Confidential Informant in the Baltimore County area; that said Confidential Informant is completely reliable, having supplied TFC Katz with true and correct information with reference to Pagan Motorcycle Club members, in the past; the most recent information being supplied early in January, 1976. Resulting from direct information supplied by the Informant two arrests of Pagan Motorcycle Club members have been effected by various Maryland Law Enforcement Agencies and more arrests are anticipated. To date judicial action is pending on the aforesaid two arrests; that said Confidential Informant is a member of the Pagan Motorcycle Club and has been so for approximately four (4) years. This membership by said Confidential Informant enables him to make personal observations; and gain first hand knowledge of various criminal activities of the Pagan Motorcycle Club.

That said Confidential Informant advised TFC Katz that numerous stolen motorcycles and rifles were presently being stored in a garage, rented and maintained by Pagan Motorcycle Club members, located at 2743 Park Drive, Baltimore Highlands, Baltimore County, Maryland. Said Informant advised that he/she had personal knowledge that these items were, in fact, located in the aforesaid garage, as he/she personally observed these items on January 15, 1976;

That further questioning of the Informant, by TFC. Katz, revealed these items to be particularly described as:

1974 Harley-Davidson Motorcycle, described as blue, with custom painting;

1950 Harley-Davidson Motorcycle, red in color bearing the name "Lance" painted on the gas tank;

1947 Harley-Davidson Motorcycle "Knuckelhead Model" blue in color.

The Informant advised that all of the above three motorcycles were, in fact, stolen by PMC members and all of the above three stolen motorcycles bore altered and ficticious identification numbers; the Informant advised TFC Katz that he/she knew these motorcycles to be stolen as the owners and past owners of these motorcycles personally advised the Informant as such; the Informant further advised that he/she had participated, numerous times in the past, in the actual thefts of motorcycles;

That said informant further advised that the garage named herein contained a stolen 1950 Harley Davidson engine, belonging to PMC President William Terrence Costello, and that said engine bears altered identification numbers; that said Informant advised TFC Katz he/she knew the aforesaid motor to be stolen as he/she was personally present in the aforementioned garage when the stolen motor was sold to William Terrence Costello by Lawrence Levine, a PMC member. He personally heard Levine advise Costello that the motor was stolen and the identification numbers would have to be changed;

That said Confidential Informant also advised TFC Katz that two stolen weapons, a 7 mm rifle and a 9 mm rifle, were secreted in the aforementioned garage, that said Informant advised that he/she was present when the aforementioned stolen rifles were sold to William Terrence Costello by PMC associate Joe Slaughter (NFD) and that said Informant personally heard Slaughter advise Costello that the rifles were stolen;

That your affiant caused numerous checks to be made with Local, State and Federal Law Enforcement Agencies in the Maryland area with reference to the above stolen motorcycles and rifles; that these agencies have reported numerous thefts of these items but specific thefts cannot be pinpointed until the correct identification numbers can be revealed by forensic means;

Page Four - Application/Affidavit

That your affiant is familiar with the above location known as 2743 Park Drive, Baltimore Highlands, Baltimore County, Maryland. Due to the location of this establishment, your affiant feels that any surveillance may cause the occupants to become suspicious thus jeopardizing this investigation.

That your affiant further believes the information supplied to him as aforesaid, by the aforesaid Confidential Informant, is reliable since it is a declaration upon his own penal interest. Further that this Confidential Informant is aware that he could be charged for giving falsified information to a law enforcement officer under Article 27, Section 150.

That your affiant avers that based on the information presented to him by TFC Katz, the aforesaid Confidential Informant, and various other law enforcement agencies, as aforesaid, and your affiant's knowledge and experience, as aforesaid, has probable cause to believe, and he does believe, that certain stolen items; more particularly; motorcycles, motorcycle parts, and rifles are being stored and concealed at 2743 Park Drive, Baltimore Highlands, Baltimore County, Maryland and will continue to be concealed at this location since this particular criminal activity is one of continuing occurrence and duration. That true identities and owners can be established by closely examining these items.

Your affiant, therefore, prays that a Search and Seizure Warrant be issued authorizing him, with the necessary and proper assistance, to:

a. Enter and search the person/s, premises and vehicle as completely described above.

b. Search the person/s and clothing of Pagan Motorcycle Club members present and all other person/s found in or upon said premises and vehicle who may be participating in violations of the statutes hereinbefore cited; and who may be concealing weapons injurious to the officers safety.

c. Seize all evidence, stolen property, altered property and wepons used in or incidental to the conduct or operation of possession and receiving of stolen property found in or upon said premises and persons; and

d. Arrest all persons found in or upon said premises and vehicle who may be participating in violations of the statutes hereinbefore cited.

SUBSCRIBED AND SWORN TO, this 5 day of February, in the year of Our Lord, 1976.

Joseph T. Kelly
Affiant

Before me, a District Court Judge of the State of Maryland, in and for Baltimore County, this 5 day of February, 1976, personally appeared Joseph T. Kelly, personally known to me or properly identified, and he made oath that the contents of the aforegoing document are true and correct.

Edward D. Hardesty
JUDGE

INVENTORY/RETURN

On February 6, 19 76, at 6:05 o'clock P. M.

I searched ~~the person~~ the premises the vehicle described in the warrant and I left a copy of the warrant containing the inventory with Sharon Cooke and David Cooke

(name of person searched or name of owner "at the place of search")

The following is an inventory of property taken pursuant to the warrant:

Large Plastic baggie containing Phencyclidine
Three plastic baggies with amphetamine
One box of 22 caliber bullets
Black date and telephone book
Large plastic baggie with marihuana
One Welch weighing scale
One Ruger Model 10/22 carbine rifle
One Sante Fe Model 1949 rifle
One 42-XX FNA Bresow Rifle

# 1	Harley Davidson	Frame 9D26181H4 Engine 9D26181H4 Fork - AA 8884 Lower Case_ 174-7649
# 2	Harley Davidson	Frame- None, gold with orange rear fender No engine Fork- Gone
# 3	Harley Davidson	Frame - None, purple Fork - None Engine - 50FL7073
# 4	Harley Davidson	Frame - H 631, altered purple Engine - 66XLCH8165 Case - 7665822
# 5	Harley Davidson	Frame Only - None, Burgundy
# 6	Harley Davidson	Engine - 55FL5231
# 7	Harley Davidson	Engine - 52FL7023
# 8	Harley Davidson	Engine - 2A16568HO
# 9	Transmission	3470365
#10	Transmission	121-35
#11	Transmission	121-35 L4

Continued on Reverse Side

This inventory was made in the presence of TFC. W. F. Reynolds and David Cook, Tpr. Warren Reinker, TFC. V. Mileo

I swear that this inventory is a true and detailed account of all the property taken by me on the warrant.

Cpl. Joseph T. Kelly
signature

Subscribed, sworn to and returned before me this ________ day of

______________________, 19________.

____
JUDGE

# 12-1	Front End	None
#12-2	Front End	None
#12-3	Front End	None
#13	Engine	48EL13709
	Lower Case	148-2408
#14	Wheel	
#15	Wheel	
#16	Wheel	
#17	Wheel	
#18	Transmission	Novin
#19	Sizzie Bar	
#20	Custom gas tank	
#21	Gas tank (gray) sportser	
#22	Gas tank (gray) custom	
#23	Hand bar - Harley Davidson - Electric glide	
#24	Custom peanut gas tank	
#25	Burgundy color gas tank	
#26	Harley Davidson fender	
#27	Harley Davidson fender	
#28	Harley Davidson fender	
#29	Custom burgundy color fender	
#30	King & Queen seat (black)	
#31	King & Queen seat (black)	
#32	FX seat (black/white)	
#33	Parts - Miscellaneous	$35.00
#34	Parts - Miscellaneous Primary covers	$35.00
#35	Parts - Oil tank & brakes	30.00
#36	Parts - Brown gas cap	25.00
#37	Parts - Engine parts & heads	35.00
#38	Parts - Luggage rack, oil tank	50.00
#39	Parts - Engine	35.00
#40	Parts - Engine	25.00
#41	Parts - Engine	35.00
#42	Parts - Engine cases	75.00
#43	Parts - Engine cases	50.00
#44	Parts - Pistons	35.00
#45	Parts - Engine cylinder,light	35.00
#46	Parts - Heads	100.00
#47	Parts - Exhaust pipes	100.00
#48	Chain guard, handles, engine guard	10.00
#49	Sizzy Bar	35.00
#50	2 Handle bars and 1 pegs -Horn 1 mirror	
#51	Wheel	15.00
#52	Wheel - Triumph	15.00
#53	Wheel	15.00
#54	Wheel	15.00
#55	Wheel	15.00
#56	Front windshield	100.00
#57	Black fender - super glide	15.00
#58	Super glide seat	25.00
#59	Rim	10.00
#60	Harley Davidson saddle bag	25.00

Senator **Nunn**. Is his statement an accurate portrayal of the events he described therein as far as your own personal knowledge and belief?

Mr. **Katz**. Yes, it is. I have always known Mr. Costello during the course of that investigation to be truthful, honest, and forthright, as an informant. These events are those that he portrayed.

Senator **Nunn**. He has testified, I believe, in a couple of trials?

Mr. **Katz**. Numerous trials.

Senator **Nunn**. Have they resulted in convictions?

Mr. **Katz**. Approximately 35 convictions directly on his testimony and about another 40 convictions indirectly on persons that he furnished investigative leads on and search warrants such as the ones that we executed resulting in additional arrests.

Senator **Nunn**. Mr. Katz, Mr. Ellis, Mr. Roberson, we appreciate very much what you are doing for law enforcement. We appreciate your splendid cooperation with the subcommittee and our staff.

Senator **Rudman**. Gentleman, thank you very much.

I now am going to ask that the room be cleared, that all video and audio equipment be turned off at this time, that the cameras up here on the platform be moved back into the main hearing room. We are going to bring in these witnesses who I have requested to testifying with their faces not being displayed for ready identification. So we will have a brief recess of the subcommittee while the room is cleared.

[Brief recess.]

[Members present at time of recess: Senators Rudman, Cohen, and Nunn.]

[Members present at commencement after recess: Senators Nunn and Rudman.]

Senator **Rudman**. The subcommittee is in session.

Gentleman, under the rules of the Permanent Subcommittee on Investigations, we administer an oath to all witnesses. Because of the privacy requirements, I will ask you to remain seated, if you will please both raise your right hands.

Do you swear that the testimony you are about to give in the course of this hearing shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. **Jackson**. I do.

Mr. **Costello**. I do.

Senator **Rudman**. I understand that the two witnesses are Mr. Edward Jackson—we understand that that is an assumed name at this time—former member of the Pagan motorcycle gang, and the other witness is William Costello.

Senator Nunn, I believe you have a brief statement.

Senator **Nunn**. Just a brief statement. Edward Jackson is the assumed name of a former Pagan Motorcycle Club member. He is using an assumed name, testifying behind the screen because he is concerned as far as his safety and the safety of his family.

Mr. Jackson has with him a statement which contains his real identity that we will submit into the record. It will be received as a sealed exhibit.

The minority staff on the Permanent Subcommittee on Investigations has corroborated the information included in Mr. Jackson's statement.

I would like to submit into the record as a sealed exhibit a memo prepared by the minority staff, which reflects the corroboration of the testimony to the degree that they found possible. I would ask, Mr. Chairman, two sealed exhibits as identified be put in the record.

Senator RUDMAN. Without objection.

[The documents referred to was marked "Exhibit Nos. 10 and 11," for reference, and are retained in the confidential files of the subcommittee.]

TESTIMONY OF EDWARD JACKSON, FORMER PAGAN MOTORCYCLE CLUB MEMBER AND WILLIAM COSTELLO

Mr. JACKSON. Mr. Chairman, my name is Edward Jackson, I reside in the Eastern United States, where I presently operate my own construction-home improvement business.

I have a B.A. degree with a major in physical education and a minor in history. Until recently, I had been employed as a history teacher. I am married and my wife and I are expecting our first child.

Since my undergraduate days at college, I have been associated with or been a member of three outlaw motorcycle gangs. I became attracted to the lifestyle of motorcycle gangs because of their defiance of society's rules and restrictions.

I attended college on an athletic scholarship and participated on the varsity football team as a tight end for 4 years. Being a varsity athlete, I was constantly subjected to rules and restrictions that did not apply to students or persons not involved in sports. Therefore, upon graduation I found myself rebelling against rules and society and I turned to a life style that appealed to me, the lifestyle of a biker.

I first became associated with a bike gang in Sioux City, Iowa, called the El Foresteros. The El Foresteros had club chapters in Minnesota, Iowa, and the Dakotas. I never became a member of the El Foresteros; however, I associated with several members.

The El Foresteros, like other outlaw motorcycle gangs, engaged in various types of criminal activities such as theft, burglary, extortion, and drug trafficking. Their most beneficial enterprise was drug trafficking.

This group controlled much of the cocaine, speed, and acid trafficking in these States. Through my dealings with the El Foresteros, I learned that they obtained their acid and heroine from the Hell's Angels, cocaine from the Outlaws, and speed and PCP from the Pagans. Incidentally, the El Foresteros, who were a relatively small bike gang, operated in the territory of the United States controlled by a much larger gang based out of Chicago, the Outlaws. The Outlaws could actually dictate to the El Foresteros.

I returned to the east coast and joined the Breed Motorcycle Club. The Breed is a bike gang that had chapters in New Jersey, Long Island, Staten Island, upstate New York, and Ohio. It was a much smaller gang than the Pagans. The Breed, like the El Foresteros and other outlaw bike gangs, engaged in criminal activities such as prostitution, narcotics trafficking, burglary, and theft.

I became president of a chapter of the Breed within a year and soon thereafter was placed on its national executive board. I left the Breed to join the Pagans. I received almost immediate colors with the Pagans because of my previous status with the Breed and because I carried with me a reputation for taking care of business. Within a year, I was elevated to the status referred to as mother club, again, because of my reputation for taking care of business.

At this time I would like to explain the Pagan organization and how the club functioned. Large corporations have an organizational structure which may include positions such as chairman of the board, president, vice president, regional officers, and employees.

The Pagans, like most businesses, have a structure. At the top of the Pagan hierarchy is its national president. He presides over the Pagan nation and all Pagan activities. The mother club members elect the Pagan president. The president received a salary and served a life term or until he fell from grace with the mother club. The president's salary was set at the amount earned by the President of the United States. He drew his salary from the club's treasury. The president had to be an individual who was able to generate money for the club and still maintain a tough guy image.

There are between 13 and 20 mother club members in the Pagan organization. They comprise the upper echelon of the Pagans' hierarchy. Mother club members controlled the activities of the Pagan nation. Their responsibilities are similar to that of regional heads of corporations or government agencies. Mother club members served as national vice president, sergeant at arms, secretary/treasurer, and Pagan enforcer. Each mother club member is responsible for certain geographical areas. They are responsible for establishing Pagan chapters in their respective areas. Chapters are formed for the sole purpose of making money for itself and the mother club regardless of the illegal activity.

Chapters also have a structure with officers. There is a president, vice president, secretary-treasurer, and enforcer. Chapters are made up of members, prospects, and hangers-around or associates.

A member is one who has successfully met the club requirements and has fulfilled an extensive probationary period. A prospect is one who is on probation and is vying to be a member.

Probationary periods last about 6 months to 1 year. During this period, a prospect must do anything asked of him by a member. Once a prospect has met the standards of the members, he is voted into the club as a member and is put through an initiation similar to that used by college fraternities. A hanger-around is not a member but an associate or friend of a member. He is someone who participates in the activities of the club, whether it be partying or perpetrating crimes.

Mother club members run the Pagan operations. Each mother club member establishes his independent moneymaking activities. Chapters are controlled by the mother club. A mother club member must know everything that is happening within his chapters. I had chapter presidents report to me; however, I also planted spies within the chapters to insure I knew everything that was happening.

The mother club members met once a month, usually at the homes of one of its members. These meetings were held to discuss matters such as the status of the club's treasury, its bail fund, problems various chapters may be having, needs of chapters such as more drugs, a chemist, and any new proposals or ideas members had to generate income. If a chapter, for instance, was needed to carry out a task in a given area, the proposition would be discussed at these meetings.

As a mother club member, I was responsible for generating income for myself and my chapters. I would devise and oversee schemes and operations which would bring in money. The chapters under my control would carry out any criminal activity to make money.

I have orchestrated Pagan-related criminal activities such as prostitution, extortion, drug trafficking, gun trafficking, counterfeiting, and auto theft. Money generated by these operations went to me and my chapters. With the exception of narcotics operations, money generated was applied to the Pagan treasury and bail fund. Money in the treasury was used for legal fees, the president's salary, parties, the support of clubhouses and Pagan women and various investments. The club supported the families of those members who were sent to prison—as long as they were in good standing with the club.

The secretary-treasurer of the mother club was responsible for handling the finances. We had a secretary-treasurer who was as astute as any CPA. He owned his own restaurant/bar in Baltimore. Money was laundered through his bar's accounts. Most accounts and assets were in the names of the secretary-treasurer and president.

Bail funds were maintained by the mother club and the chapters. This fund was separate from the main treasury. Much of the chapters' monthly dues went to build up the bail fund.

As a mother club member, I received more money than I knew what to do with. At one point in time, I owned three houses, two automobiles, and three motorcycles. Most of these assets were titled in the names of the Pagan women.

The single most moneymaking activity of the Pagans was the manufacture and distribution of drugs, specifically, methamphetamines—speed—and killer weed, or PCP.

Each mother club member could have his own meth operation. For example, I bought the chemicals, used to make meth, from my own source. I would have the chemicals made into meth and sell a supply to each of my chapter presidents. The chapter president would in turn sell the meth to his members and the members would sell to the public.

Each middleman received money first, before drugs were distributed. Our meth operations extended throughout Connecticut, New York, New Jersey, Pennsylvania, Virginia, Maryland, and Ohio.

Chemicals and supplies used to manufacture speed and killerweed were readily obtainable. Many members had special contacts with persons who were willing to supply the chemicals for a price. We also used stationery with phony letterhead to order and purchase chemicals. Once, I used the phony letterhead of a kennel to obtain chemicals for killerweed. Phencyclidine, used in making killerweed, is commonly used in veterinarian medicine.

The Pagans actually manufactured their own speed and killerweed. I had Pagan members who were skilled in chemistry and could manufacture these drugs. In some instances, chemists were recruited as associates and were handsomely paid to manufacture drugs for our benefit.

In other instances, there were people who were not associated with bike groups who manufactured such drugs and sold them to the Pagans. In fact, I served 2 years in State custody with an individual who was convicted of such an operation. He had the best meth and PCP lab in New Jersey.

The manufacture of speed and killerweed can be done in relatively small quarters such as a garage, the room of a house, a small office or in the rear of a van. The same lab was used to make both drugs. They were structured to be portable and very mobile in order to avoid detection by the law.

In addition to drug activities, I also was involved with prostitution operations, bank robberies, collection operations, stolen car schemes, counterfeiting and strong-arm tactics.

Prostitution was an extremely profitable operation. Many of the Pagan girl friends or female associates generated money for the club and me by selling themselves. In or around 1974, as a mother club member, I had Pagan women get jobs in massage parlors in Alexandria and Arlington, Va. At first, the women obtained the jobs through their own initiative. However, it became so profitable that I worked out deals with the owners of the parlors to supply the women and also provide protection by having Pagan members serve as bouncers. While I was managing this prostitution operation, I also distributed drugs throughout Virginia and Maryland. It was, to say the least, a very successful moneymaking operation.

In 1973, the mother club had a Pagan chapter in Bucks County, Pa., rob a Pennsylvania bank. The chapter received one-third of the stolen money and the mother club received two-thirds of the take. In recognition of this, the mother club had special patches made for the members who did the bank job. The patches resembled small money pouches with dollar signs. To my knowledge, the crime went unsolved.

Pagans were continuously used and paid by landlords or creditors to collect overdue rents or debts. Pagans were used in this capacity because we could easily intimidate people. These type operations were generally handled by individual chapters.

By now, it is probably obvious that the Pagans would do anything for money. Therefore, it is not surprising that we also dealt with members or associates of organized crime families. In my case, I dealt continuously with individuals who purported to be associated with a New York organized crime family. I have provided the staff of the Permanent Subcommittee on Investigations with the true names of these individuals; however, for purposes of this hearing and my safety, I will refer to them as Gus and Ike.

Ike was my most immediate contact with the organized crime figures. Ike would, in turn, deal with Gus. Gus, to my knowledge, received instruction from a member or an associate of the New York organized crime family. Through Gus, Ike and me, the Pagans entered into operations involving extortion, counterfeiting, stolen autos, drugs, false identification, and even legitimate enterprises.

In 1974 I met with Ike and Gus in New York City. Gus wanted to have the Pagans beat up a member of a union. My understanding was that this particular union member was not voting the way Gus and his associates wanted. Ike showed me where this person resided and I had two Pagan prospects work him over with a baseball bat.

On another occasion in 1974, Ike asked me, on behalf of Gus to serve as a bodyguard at a meeting in a restaurant called Dingbats in New York City. I'm not sure whom I was protecting. The meeting involved a heroin deal. There was a member of the Hell's Angels at the meeting, Gus, myself, and persons, according to Gus, who were members of the organized crime family.

During 1973 or 1974, Ike informed me that Gus and his associates had a man that could make bogus $20 bills. They wanted to know if the Pagans were interested in buying counterfeit money. I informed the Pagan president, and he, Gus, and the club's treasurer went to this counterfeiter's residence on Long Island to examine the counterfeit plates.

Eventually a cash deal was made whereby the Pagans purchased nearly $200,000 in bogus twenties for $3 for each bad note. I'm not sure if this bad money was ever detected, however. I never heard of a Pagan being charged as a result of this scheme.

In 1973, Ike brought to me a proposal wherein Gus and his associates would pay the Pagans to provide him with stolen automobiles. I was told by Ike to go to a particular junkyard and for $50 I would be provided with the tags and bill of sale of newly wrecked cars. I also picked up the vehicle identification number from the left rear area of the auto's frame.

Allegedly, this is a number only the manufacturers and law enforcement are aware exists. I would contact a Pagan in Philadelphia who owned a garage and pay him $150 to steal a car of the same model and year. I then had another Pagan register the stolen car in three or four States. I then sold the car to Gus. My cost in the operation amounted to about $250. The car was literally untraceable and I realized a healthy profit.

The Pagans also have an effective intelligence operation. We have purposely planted our women as employees in places such as county courthouses and motor vehicle administrations in at least three separate locations. The women in the courthouse apprised us in advance of such things as wiretaps, search warrants, arrest warrants, and raids. The women at the motor vehicle administration provided us with blank licenses for phony identification purposes.

In fact, Gus, Ike, and I assembled a package of false I.D.'s and sold them for $200 apiece. The package included blank driver's licenses, which were provided by our women, blank social security cards, and blank draft cards.

Mr. Chairman, during the 6 years I was a Pagan, I was fearless, ruthless, and always under the influence of narcotics. My personality drastically changed because of my narcotics habits. On a given day I would awake, take speed to wake up, do cocaine, take some downers, and smoke killerweed. It's not difficult to have Pagan members carry out illegal and often ruthless acts because they are generally extremely high from some sort of drug use. In fact, most Pagan members simply follow instructions from mother club members and chapter presidents. They really have no concept of the overall operations.

I left the Pagans because I had had enough. I had been shot three times, stabbed twice, and poisoned once. I served time in prison and nearly destroyed myself with the constant use of drugs. I joined motorcycle gangs to raise hell, ride bikes, and enjoy the camaraderie of a brotherhood. Instead, I ended up leading a life of crime and greed.

I have been convicted of possession of a machinegun, possession of a controlled dangerous substance, possession of stolen credit cards, possession and conspiracy to distribute PCP, burglary and theft. I have been charged and acquitted or no-billed for violations such as kidnaping, arson, assault, threat to kill, possession of concealed weapons, possession of illegal drugs, possession of a stolen motor vehicle, and breaking and entering.

Many of the Pagans I was associated with have been murdered, are serving prison sentences, or are literally brain damaged due to the use of drugs. However, there seems always to be new people to take their places.

Pagan members evolve from all walks of life. Some had poor family environments, others came from middle class or even affluent families. For example, two Pagans I dealt with, Bo-T and Frog had fathers who were politically active with a large New Jersey city. Another, Joey Anastasia, Sir Lancelot, came from New York where his relatives were allegedly involved with organized crime.

The Pagans, with a membership of people from all walks of life, seem to always have the connections and the expertise to perpetrate most any criminal activity short of white collar crime.

The Pagans, Mr. Chairman, are a powerful and wealthy criminal organization. They are becoming more sophisticated in their criminal activities. Many have legitimate employment, are well groomed, have families and nice homes and cars. However, the criminal activity continues. The Pagans have many more members than the New Jersey and Philadelphia organized crime families. Local police are mostly ineffective in dealing with bike gangs. They are easily intimidated. Once, police let me and others go because we threatened to rally over 400 members in less than 2 hours to burn down a small east coast town. Local police do not have the sophistication to deal with bike gangs. They are not mobile and cannot chase bikers throughout the State or country.

I have personally witnessed violent beatings, shootings, and inconceivable sexual behavior. I regretfully admit that I participated in such heinous acts. During my prison term, I ridded myself of my drug habits. Seeing the world without continuous drug use was like leaving a dense fog. I am presently striving to turn my life around and put the Pagan past behind me. I hope that my testimony will cause just one outlaw biker to stop and reevaluate his life.

Thank you, Mr. Chairman, for the opportunity to testify today. I will now answer any questions you may have regarding my testimony.

Senator **Rudman**. Senator Nunn, I believe that what we will do is proceed to the questioning of this witness and then proceed to the other witness.

We welcome you, Senator Biden, to our subcommittee this morning. Some of the activities described, of course, have taken place in your State.

Senator BIDEN. Thank you.

Senator NUNN. Thank you very much, Mr. Jackson, for your testimony.

You mentioned that you were on narcotics a great deal in the time that you were in the Pagan organization.

You also mentioned that when you got off narcotics, it was like lifting a fog; is that right?

Mr. JACKSON. Yes, sir.

Senator NUNN. When you were on narcotics, were you constantly driving motorcycles? Are there any rules or internal understanding in the organization that you try not to drive when you are under the heavy influence of drugs? What is the habit—both your own habit and the habit of the organization you belonged to in that regard?

Mr. JACKSON. It was my understanding as sergeant at arms and Pagan enforcer inside the club, that if you could start your motorcycle and ride it, then you could ride it, as long as you could start it and get it going.

Senator NUNN. So if you had enough dexterity to get the motorcycle started, then the drug use was no problem?

Mr. JACKSON. No.

Senator NUNN. As far as your organization was concerned?

Mr. JACKSON. No.

During funerals, when there was more than one chapter, the national sergeant at arms would carry a bat with him, and would ride up alongside of the pack and anybody who wasn't riding properly would get swatted in the back. That is why we always had trucks following the pack. They would pick up the people that were discarded to the side of the road.

Senator NUNN. He would actually knock them off with a bat?

Mr. JACKSON. That is right.

Senator NUNN. So I suppose that was a good incentive not to use drugs during funerals?

Mr. JACKSON. Everybody used drugs all the time.

Senator NUNN. They all used them all the time?

Mr. JACKSON. Yes.

Senator NUNN. They just were able to still manage the motorcycle on the highway?

Mr. JACKSON. During meetings it would almost come to a contest. In fact, one mother club meeting where I was at, we actually chose up teams and we put so many lines of speed down, so many tuinals, so much coke, and we just did three tuinals, two on speed, two of killerweed, it became a contest.

Senator NUNN. Contest as to who could consume the most drugs?

Mr. JACKSON. Yes, sir.

Senator NUNN. You mentioned that you had more money than you know what to do with. Do you have any way of pinning that down by the week or by the month or by the year, how much money you actually had for your own use and how you drew on it? You said you had three houses, I think two or three motorcycles, a couple of cars. Is there any way to give us a range or estimate of the amount of money you personally handled?

Mr. JACKSON. No.

Senator NUNN. You don't have a good guess on that?

Mr. JACKSON. No.

Senator NUNN. You mentioned you had dealings with individuals who purported to be associated with or represented organized crime families. Did these people have an interest in narcotics trafficking?

Mr. JACKSON. Yes, sir.

Senator NUNN. Were they working with your organization?

Mr. JACKSON. Yes, sir.

Senator NUNN. How was that interrelationship? Who did what?

Mr. JACKSON. Ike and Gus both came to me and they wanted to get in touch with one of the chemists I had down in Alexandria. I brought them down and they paid the club and the chemist $10,000 for the chemist to teach two members in an organized crime family how to make meth and killerweed.

Senator NUNN. That instruction took place in a Alexandria, Va.?

Mr. JACKSON. Yes.

Senator NUNN. Does that mean they were going to another region?

Mr. JACKSON. They were going back to New York City to make it.

Senator NUNN. These were associates of New York City organized crime. You stated that local law enforcement was intimidated and mostly ineffective in dealing with the Pagans. What was your biggest fear from local law enforcement or from any other law enforcement, State or Federal? What did you fear? What was their greatest weapon against your organization?

Mr. JACKSON. The greatest fear was probably electronic surveillance. The Pagan nation themselves were only concerned with, they weren't concerned with local or State authorities. Their fear came from the Government, agencies such as AT&F [Alcohol, Tobacco, and Firearms] and DEA. But as far as local or State there was no fear. The mother club members because of the amount of money were concerned about the IRS but the regular members, you know, the regular members had no fear of anything because they just did not care.

Senator NUNN. So the IRS and the Federal agencies were the ones with the use of wiretaps in particular, was your most feared law enforcement entities. But the average member didn't really pay attention to any of that. Was that because they were spaced out on drugs or general attitude?

Mr. JACKSON. General attitude.

Senator NUNN. You mentioned that the head man in your organization, what do you call the head man in the Pagan organization?

Mr. JACKSON. President, national president.

Senator NUNN. He was paid the same as the president of the United States. Was there a reason for that, or just sort of in fun, or in jest?

Mr. JACKSON. No. The concept was, originally, since the Nation of the United States had a President being paid, we thought the president of the Pagan nation should be paid equivalent to your President.

Senator **Nunn**. So he drew over $100,000 a year?

Mr. **Jackson**. Yes, sir.

Senator **Nunn**. Did he draw it by the week, month?

Mr. **Jackson**. I have no idea.

Senator **Nunn**. You didn't have any control over the money?

Mr. **Jackson**. No.

Senator **Nunn**. Members generally knew that?

Mr. **Jackson**. Yes.

Senator **Nunn**. You mentioned also that there were discussions held involving financial investments in the organization. How did you go about making decisions about financial investments and what kind of financial investments did the Pagan organization participate in?

Mr. **Jackson**. Financial investments bought property. We bought 146 acres outside of McKeesport, Pa. Different members would come, our secretary-treasurer came to a meeting, made a proposal that he be exclusive dealer inside the club for Buck and Puma knives. The mother club voted on it. He had that exclusive dealership. Any time a mother club member had a proposal he would bring it to me, make it, and the rest of the mother club would vote on it.

Senator **Nunn**. You mentioned also and we heard from law enforcement officials that most bikers have nicknames. We are not going to get into your nickname. We don't want to get into that at all for your own protection. But why do bikers have nicknames? What is the advantage of that?

Mr. **Jackson**. They have nicknames, my nickname is Frog, your's is Squirrel, Senator, and we do a job together, I don't know your real name. The only people that know the real names are the president and the treasury, for bail purposes. We do something together, they can put me on a polygraph, I still don't know your name outside of Squirrel. They could ask me your real name, Senator Nunn, and I wouldn't know it.

Senator **Nunn**. That is pretty common for the members?

Mr. **Jackson**. All.

Senator **Nunn**. They make it a point not to know each other's name?

Mr. **Jackson**. That is right.

Senator **Nunn**. In your testimony you also mentioned that you received instant colors and eventually mother club status because of your reputation for taking care of business. What does this mean to you financially when you get mother club status and in terms of power and responsibility?

Mr. **Jackson**. When I became a mother club member I was in charge of four States, I had 13 presidents underneath me, no kind of business operations went on in that area without my knowledge or me getting a piece of it.

Senator **Nunn**. Thirteen presidents, by that you mean local presidents?

Mr. **Jackson**. Different chapters, four States.

Senator **Nunn**. You had total control over those?

Mr. **Jackson**. Yes.

Senator NUNN. Reporting only up the line. How about the money flow? Did it increase when you took that position?

Mr. JACKSON. Yes, sir, drastically.

Senator NUNN. Substantially? Did you just take what you wanted or did you have a set salary?

Mr. JACKSON. No. We took what we wanted. See, the mother club contributed to the treasury, there always went a piece of everything, you know, each mother club member determined what about went in there. You made mention of taking care of business.

When I first joined the Breed, I declared war on eight different motorcycle clubs. I pulled their jackets and destroyed eight different motorcycle clubs. I could use my hands very well and that is how I got the reputation of taking care of business. When I got into the Pagans, I declared war on the Hell's Angels, the Outlaws, Warlocks, the Bandits, Branded, and the Henchmen and destroyed about eight of those clubs also.

Senator NUNN. When you say destroyed, what do you mean by destroyed?

Mr. JACKSON. Pulled their colors, got rid of them so they couldn't ride any more.

Senator NUNN. Forced them to disband?

Mr. JACKSON. Yes.

Senator NUNN. Was there violence involved?

Mr. JACKSON. Yes.

Senator NUNN. A lot of violence?

Mr. JACKSON. Yes.

Senator NUNN. That is where you acquired your reputation?

Mr. JACKSON. Yes.

Senator NUNN. Were those members that were disbanded ineligible to become part of your organization?

Mr. JACKSON. We wouldn't do that silently. If there was a club we wanted, we would go in and party with them and take them over, gently, a gentle force. But not violently. None of the people that we declared war on were to become members.

Senator RUDMAN. Senator Biden, do you have any questions?

Senator BIDEN. Yes. I do. Thank you.

I would like to thank the subcommittee for allowing me to be here. We are conducting hearings. I am from the Judiciary Committee and one of the things we are looking at—and there is some parallels here—is the extent to which there is involvement by motorcycle gangs, particularly your former associates with more traditional organized crime families. There has been some discussion about whether or not the traditional organized crime families, have in fact contracted out with you folks.

Mr. JACKSON. They have.

Senator BIDEN. To have jobs done.

Can you tell me about that, if it happens and how it happens?

Mr. JACKSON. As I mentioned in my statement, the thing with the union member who wasn't voting properly, that was contracted from an organized crime family. The three that I know that we have had purportedly contact with are the Testa family from Philadelphia, Gambino and the Genovese family in New York.

Also we took care of loan sharks.

If a bar, I remember distinctly in Long Island, there was a bar that hadn't paid up the money that they owed. I called, made a call, told the members that somebody's old lady had been assaulted. They went down and wrecked the bar. Of course, the payment was made the very next day because you can't afford to have your establishment wrecked every day.

Senator **BIDEN**. Is there a fear by the members of the Pagans from—let me put it another way.

You made it pretty clear that local and State police organizations are not something that were feared by the membership or are feared by the membership.

How about organized crime? Did anybody fool with Testa, for example?

Mr. **JACKSON**. Yes. This was one incident in Philadelphia, Testa's son, bodyguard was dragged out and gun butted, beat in the street while the police officer stood there and watched.

Senator **NUNN**. By Pagan members?

Mr. **JACKSON**. Yes. There is no fear between—right now, the Pagans are much larger than organized crime. They are in the ruthless aspect of organized crime between the twenties and thirties. In other words, organized crime figures are wearing suits now. The Pagans are out in the street doing the dirty work.

Senator **BIDEN**. You mentioned that there was a concern about being wired or bugged, eavesdropped upon?

Is that concern shared by the biker who is not a member of the mother club?

Mr. **JACKSON**. No.

Senator **BIDEN**. So that person really doesn't give a damn much about anything?

Mr. **JACKSON**. No. He just follows orders.

Senator **BIDEN**. There is a great deal of money in the drug activity and you have testified to the ability—you referred to as your chemist, if I am not mistaken, and I am sure that the other chapters have chemists also?

Mr. **JACKSON**. The mother club.

Senator **BIDEN**. The mother club members. It doesn't cost much. Merely a fraction of profit is eaten up in production costs and there is a whole bunch of money, for example, I am told that 1 pound of chemicals is needed to manufacture certain drugs and that pound could cost $15, but you could turn that into a $500,000 profit. We are talking big, big dollars.

You have made reference to buying 146 acres outside of McKeesport; another investment in a dealership for, I believe, knives?

Mr. **JACKSON**. Yes, Puma knives and Buck knives.

Senator **BIDEN**. But that doesn't eat up that kind of money.

Where does this big money get laundered? Obviously you are a bright fellow, but are there any brains in the outfit?

Any accountants and lawyers who are letting you know how to handle money, offshore banks, you know, putting it into bigtime legitimate businesses?

Mr. **JACKSON**. The club has those type of lawyers.

As I mentioned, our secretary-treasurer was the best I have ever seen. He is as good as any CPA. The lawyers that we had conducted business deals. In fact, one of them got disbarred by the bar in Pennsylvania.

He was the mother-club's lawyer. The mother club members can individually have lawyers in their area.

The members have to go through that lawyer. Those lawyers will be either awarded with cash or with drugs which has been the case that I have found.

The mother club really controls the lawyers and in turn there are lawyers that said, let's invest here, but all of that was done between the officers in the mother club. A lot of times the rest of the mother club, you had 20 members, not all sat in.

Senator BIDEN. There is one mother club?

Mr. JACKSON. Yes.

Senator BIDEN. We are talking about big, big dollars when we talk about drug trafficking. Senator Nunn and Senator Rudman and I have all discussed in our various capacities, we are talking about an $80 billion a year business in illegal drug activity in this country.

We know that the traditional organized crime families are having access to and investing tens of billions of dollars.

A billion dollars is a lot of money. One good ol' boy from the southern part of my State once told me that the difference between $1 million and $1 billion is if you take $1 million dollars worth of $100 bills and stack them on the floor, you have a pile 8 feet high.

If you take 1 billion dollars' worth, you have a stack that is 20 feet shorter than the Washington Monument. I have no idea whether that is apocryphal. But it is on line. It is a lot of money.

Are you telling us that the drug that the Pagans have, have a significant portion of the drug trafficking that goes on in their area?

Do they have a big chunk of it?

Mr. JACKSON. A very big chunk. What happened in 1959, 1958 the country was divided into three areas, there are only three 1 percent outlaw motorcycle gangs recognized by each other in the country.

The Angels were given the west coast; the Outlaws the middle of the country and the Pagans the east coast. The Pagans controlled drug traffic up and down the east coast. Florida is the only neutral State where all three clubs can have chapters.

There is no drug dealing that goes on if the Pagans do not have their fingers in it. The bail fund is kept in safes. There is cash money because just recently, a Pagan was stopped with a car full of meat and shot a New Jersey State trooper.

That money was, there was $200,000 in cash brought for him for bail purposes. The money is held in savings. Right now, I don't know who the secretary-treasury is because the same individual isn't the secretary-treasurer. But he and the president know where the money is.

Senator BIDEN. But if you control, if your former organization controlled the drug trafficking on the east coast, you are talking about having a piece of the action that totals somewhere around $20 billion.

Senator NUNN. I think from what I understand, and the witness can clarify this, you are talking about certain types of drug activities. You are not talking about the whole scope of drugs. You are not talking about heroin?

Mr. JACKSON. No, I am talking about PCP and speed.

Senator BIDEN. Fine. I apologize.

Mr. JACKSON. The speed operation in Atlantic City is controlled by the Pagans.

Senator BIDEN. I understand now. I appreciate that clarification, Senator, because I knew you were all big, but you had graduated a lot.

Is it appropriate, Mr. Chairman, to ask about chapters in certain locations?

Senator RUDMAN. I believe you can ask the witness if he finds some reason that he does not feel he should answer, and I expect he will tell you.

Senator BIDEN. OK. I would like to know how many chapters there are that you know of in the State of Delaware?

Mr. JACKSON. My last count, this is several years we were talking, there were five chapters in Delaware.

Senator BIDEN. There is a fairly big and active chapter up in Marcus Hook, Chester, Pa. area; isn't there?

Mr. JACKSON. Yes.

Senator RUDMAN. The witness, I believe, indicated yes. You will have to answer because we can't enter your head motions into the record.

Mr. JACKSON. Yes.

Senator BIDEN. What would you estimate is the amount of drug trafficking, if this has already been answered, please refrain and I will read it in the record. What would you estimate the amount in terms of dollar volume of drug trafficking that you were able to have your finger on and control of the five States that you controlled, either by month, year?

Are you talking tens of thousands, tens of millions of dollars? What are you talking about?

Mr. JACKSON. I don't know.

Senator NUNN. I asked the witness several questions about the amount of money. I didn't want to speculate on it.

Senator BIDEN. OK.

What is the thing that you, if you were still riding with the Pagans—what is the thing that you would have most feared the Government doing?

For example, would you be more concerned if you knew that the Government was making an all-out crackdown on trying to infiltrate the Pagans, which would be relatively difficult, I expect?

Mr. JACKSON. They couldn't infiltrate the Pagans.

Senator BIDEN. Why couldn't they?

Mr. JACKSON. Because of the initiation.

Senator BIDEN. Did you go through the initiation?

Senator NUNN. As I understand it, it is because you were required to commit several crimes before you become a real member.

Mr. JACKSON. Plus there is a standing rule that you have to do anything a member tells you. If you say, no, the member will do it, then he has the right to kill you.

Senator BIDEN. That is simple.

Mr. JACKSON. It is as plain as I can get it.

Senator **Nunn**. It is called defense to undercover work.

Senator **Biden**. I don't think I want to join.

Thank you, very much.

Senator **Rudman**. I would like to ask one question at this particular point since we are talking about funds.

To your knowledge, where was the money deposited that was deposited from the proceeds of drug trafficking and prostitution and so forth?

For instance, what did you do with it?

Mr. **Jackson**. I had the money changed from smaller bills. You used to have to sign for $500's and $1,000's. Now you have to sign for $1,000. I would give it to the Pagan women, they would change it to $1,000 bills and I would send it to Baltimore.

Senator **Rudman**. Did you use any bank accounts?

Mr. **Jackson**. Not in my name.

Senator **Rudman**. Do you have any knowledge that the other group in Baltimore deposited money in banks?

Mr. **Jackson**. Yes.

Senator **Rudman**. Do you know which banks?

Mr. **Jackson**. No.

Senator **Rudman**. Do you know if any of these were offshore banks in places like the Bahamas, Caymans, Panama?

Mr. **Jackson**. I have no idea.

Senator **Rudman**. Getting back to the question of income I understand that you find it very hard to estimate what your take was from this during the time that you were the president and controlled a number of these clubs, but where you lived and with the number of houses and cars and so forth that you had, would it be fair to say that your income exceeded $100,000 a year, or exceeded $2,000 a week?

Mr. **Jackson**. A rough estimate?

Senator **Rudman**. Yes.

Mr. **Jackson**. Yes.

Senator **Rudman**. Senator Nunn?

Senator **Nunn**. You said Florida was an open territory meaning all the gangs could operate there; is that right?

Mr. **Jackson**. Yes, sir.

Senator **Nunn**. Why was that? That has been the pattern of traditional organized crime in the past.

Were you imitating the Cosa Nostra pattern for Florida?

Mr. **Jackson**. No. Florida, obviously because of the climate, you can ride all year round. It became more or less a vacation area. It was designated when it was first set up in 1959, when they decided who were going to be 1 percenters, that Florida is going to be a neutral State.

Senator **Nunn**. What gang has the territory, including Georgia?

Mr. **Jackson**. Pagans.

Senator **Nunn**. Pagans? Do you know anything about the number of chapters that were there?

Mr. **Jackson**. No; I don't.

Senator **Nunn**. Do you have any or did you have any fear of being prosecuted under the conspiracy status?

Mr. **Jackson**. Yes, sir.

Senator **Nunn**. Would you tell us about that, Why?

Mr. **Jackson**. I was prosecuted on a conspiracy. They did use wiretaps of my phone and the house was bugged.

Senator **Nunn**. So that was what brought you to trial on the conspiracy statute?

Mr. **Jackson**. Yes. I was prosecuted by the Attorney General's Office. I wasn't prosecuted by the normal county prosecutors.

Senator **Nunn**. Is that one of the more successful tools that Federal law enforcement has against an organized conspiracy like this?

Mr. **Jackson**. Yes.

Senator **Nunn**. Do you consider the Pagans as an organized criminal conspiracy?

Mr. **Jackson**. Yes; I do.

Senator **Nunn**. I have nothing further.

Senator **Biden**. Are there any rules or regulations about freelancing? For example, obviously the drug trafficking in the area you suggested is a major portion, if not the major portion of the revenues of the Pagans. Would a gang member have to receive permission, for example, to rob a gas station?

Mr. **Jackson**. Exactly. Any criminal activity that goes on has to be told to the chapter president, in turn to the mother club member.

I established a policy where because of the fear of the conspiracy charge, people would come and say I am going to take care of such and such.

I would say wait a minute, go do what you have to do, just tell me you took care of business. That is where TCB or taking care of business came from.

I did not want to know specifics. That is the way I dealt with it. After awhile, the whole mother club adopted that type of thinking.

Senator **Biden**. So that several Pagans riding by themselves could, if they had the urge, knock off a gas station, 7-11 store, whatever they want, as long as they told you what it was, there is no limit on what they could do?

Mr. **Jackson**. Yes. But they would have to say before, could you do something, say, we went and did this.

Senator **Biden**. How would they do it?

Mr. **Jackson**. They would have to tell their president what they were doing and in turn the president would tell the mother club member in charge of that area.

Senator **Biden**. So the president would have to sign off on it?

Mr. **Jackson**. The local chapter president.

Senator **Biden**. The local chapter president. I see.

How many vice presidents are there of the mother club?

Is there one president?

Mr. **Jackson**. One vice president, one secretary, and treasurer, one sergeant at arms and one Pagan enforcer.

Senator **Biden**. What is the Pagan enforcer?

Mr. **Jackson**. He takes care of business outside the club. The sergeant at arms is responsible for the members inside, like I explained before, on a "run." The Pagan enforcer, while I served as a Pagan enforcer, I formed a black T-shirt gang, 13 members that any time there was a problem, anywhere in the country, we got in 2 vans and we went and took care of it.

Senator BIDEN. Thank you, very much.

Senator RUDMAN. Senator Nunn, I am going to ask if you will take over chairing the hearing. I have a previous engagement. We have this other witness and I believe Mr. Jackson will remain seated until the other witness is completed.

I believe you will wind up with the final witness. I appreciate that very much.

Senator NUNN [presiding]. Thank you, very much.

Just one other question, Mr. Jackson.

You said you were going outside the chapter to do some enforcing, I guess you mean by that, some type of intimidation? You got in a van?

Mr. JACKSON. Yes.

Senator NUNN. You didn't ride your motorcycles?

Mr. JACKSON. No.

Senator NUNN. Why was that?

[At this point, Senator Rudman left the hearing room.]

Mr. JACKSON. It would be a lot easier for law enforcement to detect you riding motorcycles into a town to take care of something, flying colors, than it would be to driving in with two vans dressed with just T-shirts and dungarees.

Senator NUNN. Did you participate in the all out violent assaults on other chapters?

Mr. JACKSON. Yes.

Senator NUNN. Killings involved?

Mr. JACKSON. There were killings ordered in my presence; yes.

Senator NUNN. From time to time?

Mr. JACKSON. Yes.

Senator NUNN. Our next witness is Mr. William Terrence Costello.

Mr. Jackson, if you will remain seated, we may have other questions for you. But at this time we will go ahead with Mr. Costello's statement.

I believe both of you took the oath; is that right?

Mr. COSTELLO. That is right. Before I get into my statement, as far as bank accounts, I worked for Mark Allen, national treasurer and they did maintain a safety deposit box in the Maryland National Bank on Reisterstown Road that I know of.

Senator NUNN. Who was the national treasurer?

Mr. COSTELLO. Mark Allen Fox.

Senator NUNN. Is he still in that——

Mr. COSTELLO. He is deceased.

Senator NUNN. How much money was involved?

Mr. COSTELLO. I have no idea.

Senator NUNN. He did keep it in banks?

Mr. COSTELLO. Yes; he did. There was a time when they needed money for bail and he mentioned to me, he wasn't in for that purpose of getting the bail money.

Senator NUNN. Thank you, very much.

Mr. COSTELLO. I am afraid my statement isn't quite as nice as Mr. Jackson's.

Senator NUNN. Go ahead and proceed as you wish.

Mr. COSTELLO. My name is William Terrence Costello.

I am 38 years old, married with no children.

I was born and raised in Baltimore, Md., served in the Marine Corps Reserves for 6 years, and worked in Baltimore as a journeyman machinist.

In 1976, I pled guilty to Federal charges of conspiracy to distribute a controlled substance, dimethyltryptamine [DMT].

I was sentenced to 5 years imprisonment on that conviction. Having agreed to cooperate with the Government, I served that sentence in the protective custody of the Government, while testifying as a Government witness. As a result, I remain today enrolled in the Federal witness protection program.

My role as a Government witness as well as my own personal involvement in criminal activities came about as a result of my association with the Pagan Motorcycle Club. In early 1970, I was first introduced to the Baltimore, Md., chapter of the Pagans through a fellow machinist who had himself become a Pagan member.

At the time, my first marriage had just broken up and my life was, for lack of a better word, boring. I was seeking both excitement and, as a basically inward person, a chance to meet new people. The Pagans, in my mind a group known for their beer drinking and love of fights, seemed to be my chance to do both.

As a member, I was to learn that the Pagans were far more than merely beer, fights, and excitement: Fear, violence, the illegal profits of the drug trade and a variety of other criminal activities were equally characteristic of the Pagans.

The Pagans, like any other organization engaged in activities beyond the law, do not easily welcome outsiders into their confidences. The membership process is itself designed to discourage the possible infiltration of the club by undercover law enforcement agents or other potential informants.

Within the club, Pagans know each other by nicknames, thus effectively preventing even members from ever disclosing their true identity. During my Pagan days, I was known as Lance. Before one can become a member, an insider agrees to be responsible for you to the club, thus insuring that you are not an outsider infiltrator.

You must successfully prove yourself as a prospect before you can be admitted to membership. As a prospect, you must do whatever any member asks you, including illegal activities. As a prospect, I was required to steal and strip motorcycles as well as do physical labor and services for those involved in illegal narcotics and weapons activities.

I apparently served my term as a prospect successfully, since I was voted membership only 8 weeks after my entry as a prospect. This was a much shorter period than most prospects were required to serve.

Once I was admitted as a Pagan member, I began to learn more and more about the drug trade that was carried on within the ranks of the Pagans. As you earned trust as a member, you were allowed to become more and more involved with a range of illegal activities. I became particularly involved in the trafficking of illegal drugs, particularly DMT, PCP—used in making killer weed—and methamphetamines.

In looking back, the Pagans were most heavily involved in the trafficking of methamphetamines, probably due to the convenient size and packaging and the ease with which one could make huge profits. My profits on methamphetamines were an estimated 1,000 percent in some instances.

As a member, I began to associate with many high-ranking Pagans, easing my entry into their illegal drug trade. Each Pagan chapter has a president who is answerable to a mother club member. I eventually became the president of the Baltimore chapter, answerable to Mark Fox, or Baby Huey, or mother club member, and also the secretary-treasurer.

Baby Huey, in turn, worked closely with Satan, the national president of the Pagans. Through my relationship with Fox, I began earning Satan's trust, at first working small drug deals. After Fox died of a drug overdose, my drug dealings with Satan grew considerably.

I might point out that dealing drugs in the Pagan organization is quite different from the activities of an individual dope dealer on the street. The very nature and structure of the Pagan organization breeds an element of fear among its members which characterize Pagan drug dealing and other illegal activities.

When you deal drugs for the Pagans, you know without any question that, should you perform less than expected, the people above you could cut you off from drugs or kill you.

That type of fear makes the structured organization of the Pagan club a valuable asset to those high-ranking members who profit from the drug trade and other illegal activities. Through the notorious muscle and violent nature of the members and the blind, enforced allegiance of those members, the Pagan hierarchy can effectively carry out and protect a wide range of criminal and oftentimes highly profitable illegal activities.

My own involvement in the Pagan drug trade is as a perfect example: I gave the first $10,000 I made on drug trafficking all to Satan, the national president.

As a Pagan I bought a large part of my drugs from Satan, who in turn bought it from another Pagan, Glenn Turner. Turner, in addition to his Pagan ties, was allegedly closely associated with members of traditional organized crime families. Turner and Satan on occasions spoke of their dealings with an individual named Robert Marconi and who they said was a lieutenant in the Bruno crime family.

I remember attending the funeral of a Pagan named Louis Chance, known as Storm Cloud, in Delaware, where this individual was present. I was told by Turner that Marconi had, in fact, paid for a large part of the Pagan funeral.

It was also well known that the Pagans did have substantial ties and dealings with traditional organized crime families in the Philadelphia area. At least two Pagan members whom I knew were personally connected to the mob, aside from the Philadelphia dealings.

I had dealt with Joe Anastasia, a Pagan out of New York City, whose father was Tough Tony Anastasia and his uncle was Albert Anastasia of Murder, Inc. fame.

As a Pagan, Joey Anastasia had worked both gun and drug deals until his death at the hand of another Pagan member in York, Pa. I had also known a Pagan nicknamed Rocco, who was related to the LaRocca organized crime family in Pittsburgh, Pa.

I personally went to Turner for supplies of drugs when Satan was not available. As I became more sophisticated in my drug dealings, I began the process by which I would set up my own drug lab. I already knew of Pagan labs operating in Philadelphia and northern Maryland and in the District of Columbia. I even got advice on this venture from Gypsy, a Pagan experienced in the manufacture of illegal drugs.

I first knew Gypsy as president of Pagan chapters in northern Maryland, Pennsylvania, and Delaware.

Senator NUNN. Do you know what Gypsy's real name is?

Mr. COSTELLO. No, I do not.

He later became a mother club member. Gypsy always had PCP on him and operated a lab in northern Maryland as his area of Pagan responsibility. As a mother club member, Gypsy was Angel's direct superior.

Gypsy generally commanded a great deal of respect in the Pagans, partly from his close association and frequent traveling with Satan. Based on his personal experience, Gypsy gave me advice both on selling drugs as well as operating the lab. Despite his advice, I never actually opened up the lab because it was raided by the DEA during its initial operation.

Aside from the drug trade, the Pagans were involved in other illegal activities. Through violence they protected those activities as well as enforced their territorial claims against other outlaw motorcycle gangs.

In 1972 or 1973, Satan directly ordered 40 armed Pagans, including myself, to Richmond to end, with whatever means necessary, an attempt by Hell's Angels to move into Richmond, considered Pagan territory.

At that time, Pagan territory included Virginia, Maryland, Delaware, and parts of Pennsylvania, New Jersey, and New York.

The Hell's Angels, a competing national gang, were negotiating with the Confederate Angels, a local Richmond group, for territory and power in and around Richmond. Although local gangs such as the Confederate Angels were tolerated within Pagan territory, Satan would not allow the entry of another national club into the Pagan area.

We went to the Confederate Angels' clubhouse in Richmond where Satan's order was enforced with Pagan violence: one individual was shot to death, at least one crippled for life, and at least two others, injured.

Such violence was by no means foreign to Pagan activities. On another occasion, one Pagan member, who had crossed other Pagans, was welded inside of a drum which was then shot full of holes and tossed into the bay. Again, fear was a constant reality within Pagan clubs.

In addition to my success in drug dealing, I worked at another favorite illegal activity of the Pagans: selling stolen motorcycles.

I would routinely buy stolen bikes for an average of $300 apiece and then resell them to Pagan members. On many occasions I would barter with drugs for stolen bikes from individuals whom I dealt with in the PCP trade.

Satan, in addition to his drug contacts, put me in contact with an individual who had worked for Satan in drilling out ID numbers on stolen bikes. During my entire time with the Pagans, there was always a big turnover in stolen bikes, which proved especially easy to sell within the club and at swap meets. In addition, there was the constant presence of illegal weapons among members.

At some point, I became uneasy about my status and safety within the Pagan hierarchy. Since my entry into the club, I had been aware of the danger of being caught in a power struggle within the upper ranks of the Pagans. For instance, I was aware of a Pagan named Lucifer who had overstepped his power as a mother club member, at least in Satan's opinion.

As a result, during a run in Pennsylvania, Satan made a public offer of a $1,000 prize to any Pagan who would take care of Lucifer.

The very next day, Lucifer was shot, strangled, and given an overdose of narcotics. Amazingly, he survived this ordeal and subsequently killed two Pagan members in Florida.

In short, it seemed that mother club and other high positions were nice to have, as along as Satan didn't begin to feel threatened by your power.

About 6 months before I left, I began to hear talk that I was to be elevated to the rank of mother club. I had begun to notice that two Pagans in my chapter were making efforts to try to take over the chapter from me. It also became evident that these same individuals were gaining favor with Satan, to my detriment.

At some point after that, I was traveling with another Pagan named Jocko when word came that Satan wanted to see me. At this time I also knew that my lab had just been busted and that I would be an ideal person to face the charges on that incident.

Coupled with my fear that I knew too much, I broke away from my companion, Jocko, and turned myself in to the Government. Thus I ended my days with the Pagans and began my role as a cooperating Government witness.

In that role, I gave testimony on behalf of the Government at the criminal trials of both Satan and Glenn Turner. Partly as a result of my testimony, Satan was convicted both of murder conspiracy and drug conspiracy charges in two separate trials. Turner was convicted on Federal drug conspiracy charges.

Mr. Chairman, that concludes my prepared statement. If you or the members of the subcommittee have any questions, I will be glad to attempt to answer them.

Senator NUNN. Thank you, very much, Mr. Costello.

Do you have any idea of the amount of money that you were handling in this drug trafficking?

Do you have any way of measuring it?

Mr. COSTELLO. For the first couple of years, I didn't do very much drugs. As a matter of fact, I was 27 years old before I even tried marihuana.

In the last year and a half, I had all my drug dealings and I had dealt in $75,000 or $80,000.

I was just working my way into the drug trade.

Senator NUNN. You were sort of at the bottom rung of the drug trade?

Mr. COSTELLO. I was one step up from the bottom. But I was climbing fast.

Senator Nunn. You didn't use drugs as a member of the Pagan organization?

Mr. Costello. For the first 2 years, I didn't; for the next 3 years, I did. I used an awful lot of PCP, and some meth and I lost quite a bit of my memory and toward the end I was constantly messed up.

I think that is one of the fears I have of Satan. I was constantly messed up and I knew quite a bit about him.

Senator Nunn. Was Satan himself a heavy user of drugs?

Mr. Costello. Yes; I feel that is one of the reasons he was constantly paranoid.

Senator Nunn. But he felt that you were overusing drugs and you were therefore dangerous; is that right?

Mr. Costello. I would say that is true toward the end; Yes.

Senator Nunn. Both of you indicated, I think, Mr. Jackson, that he hoped even one person would be turned around in their habits by his testimony and you indicated similar thoughts to the staff when you were being interviewed.

Do you have anything to suggest about what the use of speed and these other chemical drugs will do to a young person?

Mr. Costello. If you could see me before and now, I feel I have lost some of my intelligence. I have lost my memory. During the times I was using these drugs, my thoughts weren't coherent.

A friend of mine was stabbed, one of the members, and if I could have loaded my gun at that time, I would have killed the person. But I couldn't get the bullets into my gun because I was so messed up.

Senator Nunn. Do you think you have permanently lost some of your memory?

Mr. Costello. I am sure.

Senator Nunn. How about you, Mr. Jackson?

Mr. Jackson. Without a doubt, I have to write everything down now. I have a college degree.

Senator Nunn. You think the drugs have permanently affected your mind in a detrimental way?

Mr. Jackson. Yes. On a smaller scale than meth, but you are dealing not with just PCP when we are talking about killerweed, PCP is angel dust. That is what the Hell's Angels calls theirs. We are talking about PCP, DNT, STP. All combined and sprayed on parsley.

Like I said, it was like coming out of a fog. I hadn't smelled flowers in 6 years. I forgot what spring was like. While I was serving time, coming out of it, it was like coming out of a dense fog.

It actually, I just thank the good Lord that I still have a brain in my head.

Senator Nunn. Mr. Costello, are those the kinds of drugs you also used?

Mr. Costello. Yes. They were, not quite as much as he did and for a shorter period of time. But when I worked at the liquor store for Mark Fox, I could add up about 15 different items in my head without using a cash register. I am lucky to do two or three now without some paper.

Senator Nunn. What did you do with the profits from the drug sale?

Mr. Costello. I reinvested them in drugs; I took a trip to Jamaica. I tried to set up a deal with some guys down there which I took about a $3,000 loss on the whole trip cost me $6,000 or $7,000.

I bought a van, I always spent it on parties. A day wouldn't go by that I spent less than $200 a day. Most of the people in my chapter were idiots. They had been using drugs much longer than I had. Most of them came from a disadvantaged background where it wouldn't be as true in some of the other chapters, but providing these people with drugs, they owed me when I left large amounts of money and I for a long time supported them.

At one time I rented a house for about $400, five bedroom house where I had four or five of them living with me because even though I would give them drugs, they still couldn't support themselves.

They would sell the drugs, they would spend the money, they would party on the drugs. Some people after a period of time aren't capable of looking after themselves.

Senator Nunn. Is that primarily because of the drugs?

Mr. Costello. Yes sir.

Senator Nunn. Did you have an association with organized crime members?

Mr. Costello. No, I didn't. But I saw them. At this funeral I did see this Robert Marconi at a funeral in Delaware, the funeral of a Pagan named Storm Cloud. I was aware, I did know Joey Anastasia, but I knew he was associated with organized crime, I didn't know he was a member, the LaRoccos in Pittsburgh.

I knew Rocco, I knew his family was in organized crime, that I could specifically say what the ties are.

There is another Pagan there named Deacon, who is also associated with the same crime family.

Senator Nunn. How about Marconi? Was he in a particular family that you know of?

Mr. Costello. He was in the Bruno crime family out of Philadelphia. He was a lieutenant from my understanding.

Senator Nunn. Have you ever provided Pagan Club members with false personal ID credentials?

Mr. Costello. Yes, I have. On at least one occasion I can remember, I provided a license and another one that were stolen and I had bought, I bought different types of things like that.

One of the parts of the Pagans are that you protect Pagans who are running from the law in other areas. On several occasions, at Baby Huey's house, there were fugitives there and at one time I had thought myself to be a fugitive on a murder charge from Virginia.

I went to York, Pa., and I stayed up there for over a week until I found out there was no charges against me.

Senator Nunn. Would you have cooperated with the Government if there had been no witness protection program?

Mr. Costello. No. I wouldn't. There weren't many options left to me at that time. I was facing 10 years for the two charges. The Pagans, I felt, were going to make me hold the bag for the other people that had been in on it and that I knew too much.

I feel that if it had not been for the program, I would be dead right now.

Senator NUNN. Did you know about the program before you turned yourself in?

Mr. COSTELLO. From watching TV, *probably*.

Senator NUNN. You didn't know much about it?

Mr. COSTELLO. No. I turned myself in and I entered into negotiations with the Federal Government to see what I could get before I——

Senator NUNN. Your turned yourself in to the Federal authorities?

Mr. COSTELLO. No, I turned myself into the State the first night because I figured that is the night they were going to do me. They wanted to make a deal with me because my charges were Federal. I didn't feel that they could adequately protect me.

I asked them to let me see the Federal Government which they hesitated in doing for a day or so. Then they finally did let me talk to the Federal people. I talked to people from the DEA, and after some negotiations with the U.S. Attorney's Office, I agreed to be a cooperative witness.

Senator NUNN. Who prosecuted Satan? Was that a Federal or State prosecution?

Mr. COSTELLO. One was Federal and one was State. The conspiracy to commit murder was the Commonwealth of Virginia, and the Federal was on drug conspiracy charges and that was in the Federal court in Baltimore, Md.

Senator NUNN. Did anybody work for a living in the Pagan chapter that you headed?

Mr. COSTELLO. The chapter I had, no one worked, no one actually worked at a legitimate job. I provided these people with drugs, they stole motorcycles for me which I turned over, I would say I probably turned over 20 or 30 stolen motorcycles during the last 2 years I was a Pagan. These people steal motorcycles—they would deal drugs for me and whatever they could do to get by.

Senator NUNN. What was the relationship? I will direct this question to both of you.

What was the relationship between your Pagan organization and lets call it the legitimate bikers, legitimate honest law abiding biker organization?

Mr. Costello, first.

Mr. COSTELLO. That is on the premise that there is such a thing. I think there is 1 percenter clubs, there is clubs that want to be 1 percenter clubs and then there are clubs that may do a little bit wrong, but I don't know any honest motorcycle clubs.

Senator NUNN. You think most of them are involved in some way?

Mr. COSTELLO. To a lesser extent. We have dealt with small clubs.

Senator NUNN. Mr. Jackson.

Mr. JACKSON. As Mr. Costello said, in some form, whether it is marihuana, pep pills, or whatever, all the clubs that I know of, you can go in any run, anywhere in the country, and find narcotics with motorcycle clubs. We are talking about——

Senator NUNN. There must be some, a lot of members in these clubs, that aren't using the drugs.

Mr. JACKSON. Yes.

Senator **Nunn**. You are not saying, you are saying possibly users, you are not saying they are all involved in the distribution and criminal conspiracy sale?

Mr. **Jackson**. No.

Mr. **Costello**. I would say some members are. You will find once in awhile there is a police motorcycle club or something, but all other clubs have members.

It may not be the rule of the club but they have members who deal drugs. Some members don't, some do. But if you will go to a party, you will see most of them partying on it.

Senator **Nunn**. Of course the major purpose of some of these more legitimate clubs are certainly not dealing in drugs, is it?

Mr. **Costello**. That is correct. It is not to say some of the members due to their meeting, members of one percenter club, take advantage of that and do deal drugs. You are right about that, all members, the clubs aren't specifically for that purpose. No.

Mr. **Jackson**. We are talking about one percenter clubs. I want to clarify something.

The term was given to the Pagans, the Hell's Angels, the Outlaws, because they made a statement to the press and they said 99 percent of all motorcycle riders are the good boys, and we have 1 percent of the bad guys. So, of course, the outlaw clubs took this and made 1 percent patches.

Any other club that has a 1 percent patch, just individuals in that club will have those, and it will either be a P, O, or A at the bottom of that patch.

We are talking about a national conspiracy. I had one person that I took, dressed him up in a three-piece suit, I put him on an airplane. He stopped with PCP and traded PCP even up for speed from a club called the Paradise Riders from Canada.

He would stop in Pittsburgh. The next stop would be Stairway Harry, who is a national president for the Outlaws. He would stop and see the Buzzards in Wisconsin. In Flint, Mich., the Flying Wheels. The El Foresteros in Iowa. Then to the west coast, see the Coffin Cheaters, Satan Slaves come back around the bottom of the country through Arizona, Texas, with the Bandidos, who were our brother club; end up with the Outlaws down in Florida, and then stop back in Virginia and the mother club would have a stash of drugs and $25,000 in cash.

That went on once a week.

Senator **Nunn**. So that was going on once a week. He was making runs all over the country with what kind of drugs?

Mr. **Jackson**. He would start our with just killerweed, he would deal even up for the speed, have different speed and killerweed, get hallucinogenic from the west coast, downers from Texas and Arizona.

Senator **Nunn**. Was he carrying those drugs on his person?

Mr. **Jackson**. In his suitcase.

Senator **Nunn**. Senator Biden.

Senator **Biden**. I would like to ask you both this question: You have both mentioned fear of reprisal by members.

Is there any policy within the Pagans for reprisals against a police officer who would arrest or hassle a Pagan member or reprisals against jurors who are on juries, where Pagan members were being tried, prosecutors or U.S. Senators?

Am I going to get out and find out that I have Pagans, I understand the Vice President of the Nation lives about 1½ miles from where I live in Delaware.

I am being a little facetious. But, seriously, what is the policy? Organized crime has a policy. What is the policy of the Pagans?

Mr. COSTELLO. Myself as a chapter president, we don't have a policy. In my chapter, it wouldn't have been worthwhile fooling with the police. We have money to pay lawyers. If that doesn't work, they are going to have to do their time for being dumb enough to be caught.

Before I was caught, I agreed to plead guilty to a charge. I never had been convicted of any crime in my life other than traffic violations. But we got money to pay lawyers. We have money for bail bondsmen. It is not worth my chapter having to fight with the Baltimore City police, that they will be hassling us permanently and we can't fly our colors in Baltimore. But there was never really any serious incidents with the Baltimore police.

I can't speak nationwide.

Mr. JACKSON. Nationwide, I held three positions at one time. I was the national vice president, sergeant-at-arms and the Pagan enforcer. We would go into other areas, that is why the black T-shirt gang was formed.

The thing is if Lance had a problem in Baltimore, he would tell his mother club adviser, at the mother club meeting. Baby Huey would tell me we got a problem down there, you got to take care of such and such. That would be it.

Senator NUNN. I understand that. You have a problem either with other competing gangs.

Mr. JACKSON. No. We are talking about, like I said, jurors, witnesses, Senators, prosecutors, whatever the problem was, it was supposed to be taken care of.

Senator NUNN. So you are testifying that the mother club, either the present enforcer or when you were enforcer, sergeant at arms or vice president has in fact decided that there is a particular policeman in a certain city that is trouble and you, I assume, either beat him up or kill him or whatever. That has happened and continues to happen?

Mr. JACKSON. Or injure him permanently so he can't work anymore.

Mr. COSTELLO. In one instance I can remember, I was never in on physical beatings, but there was a problem in Reading, Pa., where one of the higher members was having trouble with a certain prosecutor. He took a run with about 200 Pagans and for about half an hour, we circled his house, letting him know that 200 people knew where he lived. But I don't know what the solution is or not. But just letting that person know that we were aware that he was there.

Mr. JACKSON. Can I interrupt? You asked a question about a telltale sign. There are telltale signs with Pagans. Reprisal from a Pagan consists usually of a .38 double automatic Colt, two shots in the back of the head, stomping on him, just like a fish wrapped up in newspaper. That is the telltale signs of a Pagan hit. There have been many in the last several years inside the club.

Senator BIDEN. When you were involved, taking care of business, how many times can you think of that you all went outside the club to enforce against a police officer, against a prosecutor, against a witness?

Mr. JACKSON. I sent those fellows, the black T-shirt gang on five that I can recall.

Senator BIDEN. One last question, Mr. Chairman, if I may.

One of the answers that—you have mentioned the local and State law enforcement agencies aren't the people that the Pagans particularly fear, or are concerned about. Is one of the reasons for that they do not hassle you?

Mr. JACKSON. That is quite true because most of the police departments that I had dealings with were too small and they knew within a matter of 2 hours I could assemble 400 people to burn down a town. The other thing is they had, we made a lot of tradeoffs with county prosecutors, with detectives from these towns. They had a heroin dealer in their town.

I would go take the drugs, wrap the guy up, give him a good ass kicking, stick a needle in his arm, tie him up and drop him off in front of the police station. They had their bust. The next time anybody got busted, in fact, in the one town, the next time one of my people rode through with a sawed-off shotgun. They owed me a favor, I collected on it. No prosecution.

Senator NUNN. In other words, they were more interested in the heroin than they were the other drugs?

Mr. JACKSON. Whatever it was. One time they needed weapons. I knew somebody that had a lot of weapons. I went and took them all, in the process, there were some incinerator bombs. The guy said, you know: You handed them to me—he was a county detective. Do you know those things were alive? You could have blown the courthouse up. I said: You wanted them, you got them.

Senator BIDEN. Let me ask one more question. If this is being very basic, does a Pagan fly, wear, whatever the hell you call it, colors, and worry about traffic violations?

Mr. JACKSON. Not at all.

Senator BIDEN. You don't worry because you don't think the police will stop you? Or if they stop you, it doesn't matter?

Mr. JACKSON. They can stop you. Each chapter, or each chapter pays dues. It was $5 a week. That is set up for lawyers, then there is, that is your treasury. Then you have your bail fund which some of your moneymaking profits go into the bail fund. The money is there. You have the lawyers.

Senator BIDEN. That does not answer my question. What I am driving at, the impression I don't want left if it is not a correct impression, what I am trying to pursue here, Mr. Chairman, is whether or not local law enforcement agencies are intimidated by the Pagans.

Mr. JACKSON. Yes, they are.

Mr. COSTELLO. In many instances.

Senator BIDEN. Does that depend upon size of the operation or do you find that it really does not impact on size, it just happens to be where——

Mr. **Jackson**. It would be the name, size who could come.

Senator **Biden**. For example? Would you be worried about, assuming you were riding through Delaware, were you concerned about the Delaware State Police?

Mr. **Jackson**. Not at all. Delaware does not hassle us.

Senator **Biden**. Delaware does not hassle you?

Mr. **Jackson**. They didn't.

I never was stopped in Delaware.

Senator **Biden**. You were never stopped.

Let me make a distinction between hassling and when you are not doing anything wrong, and hassling when you in fact violate the law.

When you ride along the highway, say in Delaware—would you be concerned not to break the speed limit so that you do not get stopped, or you just go flying on through, you know damned well a cop is not going to stop you anyway, because he is afraid of you?

Mr. **Costello**. Who really cares about traffic violations?

Senator **Biden**. I am sorry to continue to pursue this.

What I am trying to get at is, obviously you are not concerned about traffic violations in terms of either the money you have to pay, the arrest, or any of that. I understand that. But would you flaunt that fact in front of the cops?

Mr. **Jackson**. In Delaware, yes. Delaware was a good State to party in.

Senator **Biden**. That is good to know.

Mr. **Jackson**. In fact, Delaware is where one of the armories was supposed to have been hit, that we got a lot of weapons from.

Senator **Biden**. It was?

Mr. **Jackson**. Yes, it was.

Senator **Biden**. I don't have any further questions.

Senator **Nunn**. At this point we will conclude with these two witnesses. We have one other witness. We are going to have to clear the room first. I will ask everyone to clear and I will ask also the cameras to be turned down toward the floor, or against the wall. We will have these witnesses taken from the room. Then we will conclude with Mr. John Reilly, district attorney of Delaware County, Pa.

[Discussion off the record.]

Senator **Nunn**. The hearing will come to order. We will now hear from our final witness, District Attorney John Reilly, from Delaware County, Pa.

We are pleased to have you here this morning.

We give all our witnesses the oath as a matter of practice. So if you will hold up your right hand, do you swear the testimony you will give before the subcommittee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. **Reilly**. I do.

TESTIMONY OF JOHN REILLY, DISTRICT ATTORNEY, DELAWARE COUNTY, PA.

Senator **Biden**. I want to apologize ahead of time. As a neighbor of yours, I would like very much to stay and listen. Unfortunately, there is a judiciary caucus that I must go to. I will read your testimony with great interest and I am delighted you took the time and effort to come down here to testify before this subcommittee. I apologize.

Mr. REILLY. Thank you, Senator.

Senator NUNN. Thank you, Senator. Why don't you go ahead and proceed. Then we will have a few questions for you.

Mr. REILLY. Mr. Chairman, my name is John Reilly. I am the district attorney for Delaware County, Pa., having been appointed to that position in December 1981 by the Delaware County Court of Common Pleas. I have served in the Delaware County District Attorney's Office since 1968 as an assistant district attorney, deputy district attorney and chief deputy district attorney.

In my capacity as chief deputy district attorney, since 1976 I have headed the major crimes task force, which is a task force consisting of local police, State police, and Federal officers whose prime task is the investigation and prosecution of outlaw motorcycle gangs.

I am licensed to practice before all the courts of Pennsylvania. In addition, I am a member of the bar of the Supreme Court of the United States and the various local courts. I hold a BS degree from Temple University, an MA degree from Villanova University, and a Juris Doctorate from Temple University Law School.

The office of the Delaware County District Attorney first became aware of criminal activity related to motorcycle gangs sometime in the spring of 1972. While trying assault cases, and rape cases, I noticed that several witnesses were reluctant to testify. In all of the cases the defendants were those with long hair and black leather jackets which we now know as biker types, the witnesses were afraid not only for themselves, but for members of their family and in most cases the cases had to be dropped because of lack of witnesses.

Sometime in the summer of 1972, in Folcroft, Delaware County, a young man was beaten senseless by a group of about 25 motorcyclists who, we later learned were Warlocks. This boy is a vegetable today and was mistaken by these motorcyclists for being someone who insulted their group that particular week.

In 1973, a war erupted in the Chester area and lower Delaware County between the Pagans and the Warlocks, in which members of various groups were beaten up and their businesses damaged. This included arson and bombing of places of business. This was the first actual knowledge I, myself, had of the Pagans being in Delaware County.

In the early fall of 1974 a street fight occurred between 50 Pagans and the Chester police in which 12 Pagans were arrested.

I submit herewith a photostatic copy of newspaper articles, although the person who gave them to me does not remember the exact date.

I move it be an exhibit before this subcommittee.

Senator NUNN. Without objection, they will be made an appropriate exhibit.

[The document referred to was marked "Exhibit No. 12," for reference, and follows:]

EXHIBIT NO. 12

Police Battle 50 Pagans In Chester Donnybrook

By FRANCIS X. GEARY

Of The Bulletin Staff

Swinging baseball bats and chains and shouting "Pigs!'" about 50 members of the Pagans motorcycle gang battled 35 policemen for half an hour at 9th st. and Highland ave., Chester, early yesterday.

Twelve Pagans, including a woman, were arrested, and the rest roared off on their motorcycles. Five Pagans and one detective were hurt.

The Pagans and a rival motorcycle gang, the Warlocks, had been feuding recently. There had been some shootings and clashes between the two factions.

No Warlocks

Yesterday's battle, however, did not involve any Warlocks.

The trouble began, according to the authorities, when the Pagans tried to invade the Village Bar in nearby Trainer, and were repulsed.

They next gathered at 9th and Highland sts., about three blocks from the bar. There, at 1 A.M., they spotted Detectives Lawrence Crews and Floyd Sudler riding in an unmarked car and wearing civilian clothes. They apparently recognized them as detectives.

The Pagans, it is charged, surrounded the detectives' car and shouted obscenities. They announced that they were not afraid of the police and were ready to make a stand against them, police said.

Crews and Sudler radioed for help. Their calls were picked up by other police. Among the first to respond were Detectives Commodore S. Harris and Gradie Barrien.

Soon uniformed police began converging on the scene. One patrolman, Richard Jones, said he heard one Pagan shout: "We're going to burn Chester to the ground and take over this town!"

Jones reached out to arrest the man and was jumped by four other Pagans, he said. Some of the other policemen came to Jones' aid. Other Pagans joined in the melee.

Soon a battle royal was raging. The police traded punches with the gang members. One Pagan, it was charged, fired a pistol into the air.

Another tried to run down Patrolman Thomas Fennell with his motorcycle on the sidewalk. Fennell jumped out of the way and fired into the air as the Pagan drove off. He said he was afraid to use the gun again because crowds were gathering and he feared he would hit a bystander.

Police charged that the woman member of the Pagans, who was arrested, gave her name as Wanda Stromberg, 35, of Claymont, Del. They said she swung a chain link belt and struck Harris in the back of the head.

After the battle, police confiscated one pistol, a razor, a hammer, a dagger and numerous chain-link belts.

Harris was treated for head cuts at Crozer-Chester Medical Center, Upland.

In addition to the woman, the other 11 arrested gave their names as:

Robert Miller, 22, of the 700 block Taylor drive, Folcroft; Gregory Gordon, 24, of the 500 block Market st., Marcus Hook; James Wilson, 27; Richard Roman, 25; Vernon Ferguson, 27; Walter Yarosh, 26, and Daniel Gregg, 21, and Ronnie Cimrose, 29, all of Elkton, Md.

Also, John O'Donnell, 22, and James Casey, 26, both of Aberdeen, Md.; and Curtis Dasienzo, 27, of the 2700 block N. 57th st., Philadelphia.

All were charged with riot, failure to disperse, resisting arrest, prohibiting police from carrying out their duties, weapons offenses, simple assault and aggravated assault against police.

O'Donnell, Roman, Gordon, Wilson and Miller were treated for various injuries at the medical center.

All 12 were arraigned before District Judge Irvin Laurence in Chester and held in bail ranging from $5,000 to $10,000 for hearings at 10 A.M. Thursday in the Chester police station.

THE BULLETIN POLL

How do Philadelphia area residents feel about the use of marijuana and heroin? See their responses in The Bulletin Poll on Monday in

The Evening Bulletin

12 Pagans arrested in melee

CHESTER — Twelve members of the Pagans motorcycle gang were arrested early today after a wild chain and club-swinging melee on W. 9th Street, between Highland Avenue and Booth Street.

Five of those arrested were treated for injuries at Crozer-Chester Medical Center, Upland, and although no policemen were treated at least one, Detective Commodore Harris, was struck in the head with a motorcycle chain fashioned into a belt.

Police said the trouble began about midnight after city police assisted Trainer police in escorting the Pagans, estimated to be about 50, from the Keystone Bar, 9th Street, west of Trainer Street.

Police said they responded to complaints from the owner that the motorcyclists had "taken over" his establishment and were behind the bar serving themselves.

Police cleared the area outside the bar but were called back a short time later after two detectives, Lawrence Crews and Floyd Sudler, found their unmarked car surrounded by Pagans while investigating a traffic tie-up.

Crews and Sudler reported the motorcyclists encircled their car after they asked them to clear 9th Street, which by then was blocked from Highland Avenue to Boot Street with cars, motorcycles and Pagans milling around on foot.

At the time, two full platoons of police were on hand because of shift change and an estimated 30 patrolmen, detectives and narcotics officers responded to the call for assistance from Crews and Sudler.

The battle erupted when police arrived and began making arrests. Police armed with night sticks and black jacks fought the motorcyclists who carried chains, hammers, daggers, razors and pistols.

Only one shot was fired, but no one suffered a bullet wound. Police confiscated several handguns, chains, knives and razors following the 15-minute brawl.

Charged with riot, resisting arrest, possession of prohibited offensive weapons, assault, failure to disperse were:

Richard Roman, 25; Vernon Ferguson, 27; Walter Yarosh, 26; James Wilson, 27; and Daniel Gregg, 21, all of Aberdeen, Md.;

Also, John O'Donnell, 22, of the 500 block Primrose Avenue, Folcroft; Robert Miller, 22, of the 700 block Taylor Drive, Folcroft; Gregory Gordon, 24, of the 500 block Market Street, Marcus Hook; Ronald Cimorose, 29, of Newark, Del.

Also, Wanda Stromberg, 35, of Claymont, and Curtis Dasienzo, 27, of Philadelphia.

Roman was also charged with violating federal firearms laws and Ferguson with possessing alleged narcotics.

Miller, O'Donnell, Wilson, Roman and Gordon were treated at Crozer for assorted cuts and bruises.

The 12 were to be arraigned today by District Justice of the Peace [illegible] Lawrence.

The Pagans who fled after the melee gathered briefly in Ridley Township but moved on at police request, according to police.

Mr. REILLY. At this time, I noticed names which I had prosecuted in the past. At that time, I did not realize that they were members of any organized crime group. In the interim, we had various cases of assault, rape, drug sales, and other types of crimes by members of the Pagan and Warlock Motorcycle Clubs.

In March 1975, two young girls, Mary Ann Lees and Elaine Spicer, disappeared from Upper Darby Township. Their bodies were found floating in the Delaware River. In October 1975, Debby Deloizer disappeared and her body was found later in the marshes by the Philadelphia Airport. In May 1975, Denise Seamen disappeared and her body was later found in the vicinity of the marshes near the Philadelphia Airport. All of these girls were connected in some way with members of the outlaw motorcycle gangs and our informants tell us that they were all murdered by members of the outlaw motorcycle gangs. In fact, our unit has successfully prosecuted one Robert Naus for the murder of Elizabeth Landy, a case wherein we obtained a murder conviction where we did not have the body; and one Robert Simons, prosecuted in Carbon County, Pa., for the murder of Beth Smith. Both of these defendants were members of the Warlock Motorcycle Club and both of the girls had contacts with both motorcycle clubs in the course of their lives.

In 1975, Joseph Milano, an ex-Pagan Club member, was shot to death by the Pagans in Norwood, Delaware County; Milano who had fought Satan for the control of the Pagans, and Maria Milano, who was the sister of Joseph Milano, was shot to death in Delaware County.

Although we cannot prove it, informants tell us that they were shot by John Marron, also know as Satan, national president of the Pagans.

In the early summer of 1975, the Borough of Marcus Hook had a community affair organized by the borough similar to a fourth of July community organization. At this affair the Pagan Motorcycle Club took over the affair from the control of the local political leaders, they intimidated the citizens and threatened them, and had motorcycle races on the baseball field where this affair was occurring.

One of the other witnesses, Trooper Ellis, testified as to the location of Marcus Hook. Marcus Hook is a small borough situated at the extreme end of Pennsylvania. Right after Marcus Hook comes the State of Delaware. It is situated on the Delaware River with a bridge across, so from Marcus Hook, Pa., the Pagans could be in the State of Delaware or the State of New Jersey within 3 minutes. Also I-95 runs right through the area.

Marcus Hook formerly was a large oil-importing port. But that business has been reduced recently.

In the spring of 1975, John Marron, known as Satan, moved into Marcus Hook and the Pagans assumed a high visibility in taking over the local government of Marcus Hook, intimidating the police, and chasing people off the streets.

At that time it was impossible—for any person to drink in any taproom in Marcus Hook without being intimidated in some way by the Pagans.

At that time, we found that the local government officials were compromised, the police were intimidated and the citizens lived in fear of their lives.

On April 28, 1976, in response to these numerous motorcycle problems, the Delaware County District Attorney's Office formed a major crimes task force, which operated within the district attorney's Office. This task force consisted of members of the Pennsylvania State Police, various local police, which were loaned to the district attorney's office, together with the cooperation of many Federal agencies, particularly the DEA and the ATF at that time. Later on the FBI became interested in this problem and has cooperated fully with our task force.

The Pagans participate in various types of crimes, including the testimony that these officers had testified, I don't want to go over it because you heard it, in addition to that they control all of the go-go girls in the Delaware Valley. That is the general Philadelphia area. They commit every type of crime that is on the book. If there is a dollar in it, the Pagans will be in it. They don't care about the type of crime, as long as they can make a dollar.

One of the things that makes the Pagans so dangerous, in addition to their mobility and their code of silence, is their understanding of the uses of intelligence; that is, their ability to place girls in government offices, police agencies, police radio agencies, and that type. They are very, very knowledgeable as to the value of intelligence, penetrating the criminal justice system.

The problems of prosecuting the motorcycle gangs are the same problems which are incurred in prosecuting organized crime generally; namely, that the leaders, the members that you heard described as a mother club here are generally insulated. They themselves do not often handle the drugs. They provide the brains, the money, and the intimidation necesary for the lower echelon members to sell the drugs.

Threats and beatings are used to keep people from testifying against them and to keep other motorcycle clubs from competing with them for turf. If the threats and intimidations do not work, and the prosecution is successful, and a conviction is obtained, the defendants frequently flee from the jurisdiction and they use their motorcycle gang network of halfway houses where they will hide out. Many of them are still hiding. We have rape cases where we had two motorcycle gang members who have fled and have been underground for 10 years.

We have not been able to locate them. Informants tell us they are in the motorcycle hideout system, but we don't know where they are.

A good example of the mobility of a Pagan motorcycle club member to flee after being prosecuted is Glenn Turner, which the New Jersey trooper testified shot the New Jersey State trooper. Glenn Turner was a resident of Marcus Hook. He made bail for shooting the trooper, jumped bail, was captured in Pennsylvania. He had left the State of New Jersey. He forfeited $100,000 and some dollars bail. He was being hidden out in the Wilkes-Barre area of Pennsylvania by not motorcycle club members, but associates of motorcycle club members. I could repeat names for hours here to show the mobility and the ability of these people after being convicted to flee from law enforcement.

The problem of outlaw motorcycle gangs today is far from a local problem. The problem is too large for any city, any bureau, any township, any county or even any State. The mobility and the complexity of their operations can only be dealt with by Federal intervention, either by Federal law enforcement agencies or Federal statutes of some type.

Intervention of the Federal authorities is necessary or in a small matter of time, the motorcycle gangs will not only control our communities, but they will probably have a very strong influence in the traditional organized crime groups.

To aid our strike force, and incidentally, I might say, Senator, that the only way this type of an organized group, the same as organized crime group, can be combated is by the strike-force concept.

The ordinary policeman, even though they are diligent, have too many other things; that is, they have a burglary today, they have to investigate tomorrow, they have a robbery, a rape, the older crimes are pushed to the background.

The only way the motorcycle gangs can be prosecuted is by in intensive unit that works these gangs exclusively, instead of targeting the crimes such as DEA or ATF. A motorcycle gang has to target the defendants, and you go around and find our what crimes are being committed in the various agenices and you have your force consistently work these crimes. That is, suppose a rape in a local community, township, you go assist the local police, you make sure your witnesses aren't intimidated, you hide witnesses who are being intimidated, you make sure the court knows this is just not an ordinary thug who has hit somebody, but this is an organized group.

You have to make sure that the court knows that this is a member of an organized group so that an appropriate penalty is dealt to him.

In our past actions with Federal agencies, our group has been expanded many times by the assistance of the DEA who has helped us with manpower and money. The FBI and the ATF have been very helpful to us, as has the IRS.

We have a practice now, when we make a raid, seize drugs in an outlaw motorcycle search and seizure, if we sieze money, we take the money and immediately call the Internal Revenue Service.

In our past three raids, I think we confiscated $42,000, $18,000 and I think $36,000, all of which the Federal Internal Revenue Service liened within the next day or so, which is one way of fighting these groups.

We have also received assistance from the Customs Service, Immigration, the Secret Service. It is necessary for the Federal authorities to recognize that these outlaw motorcycle gangs are organized crime.

Federal legislation in this area is necessary with the help and cooperation of the local authorities. Federal intervention is the only solution if we can ever hope to solve this problem

Thank you, very much, Mr. Chairman, for your kindness and courtesy in testifying here today, sir.

Senator NUNN. Thank you, very much, Mr. Reilly.

How much of a problem still exists in your area of Pennsylvania?

Mr. REILLY. In our area, Delaware County, Senator, we have the Pagans on the run from Marcus Hook. There are no Pagans to our knowledge today in Marcus Hook. However, they are operating in other parts of the county, and they come in to our county from various parts of Pennsylvania, New Jersey, and Delaware.

Senator NUNN. How much of the drug trafficking in your area do you believe to be associated with Pagans or some other outlaw biker group?

Mr. REILLY. Here again, Senator, I am only estimating. I estimate that 90 percent of the PCP and methamphetamine trade is controlled by the bikers. They have the labs, they have the distributors. If they, themselves, are not selling, the other street pushers are selling for them. We see their intervention in hashish, in marihuana.

However, we don't see them in heroin, although we recognize that any drug that is in demand at the time, they will move it and sell it if there is profit.

Senator NUNN. You mentioned the Federal activities and you mentioned several agencies have been helpful.

What is it that the Federal agencies could do to be of further assistance that they are not now doing?

Mr. REILLY. I think that right now the Federal agencies are proliferated. You have DEA that works drugs, you have the ATF that works guns and things of that nature. You have the FBI working the others.

When you have a task force like ours and you have to call in, you are only calling in one agency, really this criminal is not in that one field.

If he is a drug pusher, he is other things. I think that would be some sort of Federal statute that would give certain Federal agencies authority over the broad spectrum so that we could attack the whole criminal problem which are the gangs.

Senator NUNN. Are the strike forces that are now dealing with organized crime helpful in this areas with the bikers?

Mr. REILLY. Not in my experience. If they are, I don't know about it. The only strike force that I am aware of that is working in this area is the Federal strike force in Tampa, Fla., who are working the outlaw motorcycle gangs. But primarily the strike forces work the traditional organized crime groups. I think we should have Federal task forces, although we have had good cooperation in these areas from the U.S. attorney's office, who would take over prosecutions that we did the investigation on.

Senator NUNN. Would you need to set up separate task forces, strike forces for this area or could the same organization that deals with organized crime be beefed up to deal with the biker problem?

Mr. REILLY. I think you would have to set up task forces that deal with the biker problem exclusively and the task forces couldn't be located just in one area because the biker problem is nationwide.

For example, to give you an example, a Pagan arrest that we made 4 years ago, 5 years ago, on drugs. We arrested one of them in New York, we arrested two of them in Savannah, Ga., and some of them in Delaware, some in Maryland. The scope of their activities is nationwide.

Senator **Nunn**. You are saying some type of national task force that would be very mobile and which could move around rather than having 10 or 15 task forces or strike forces that would be able to be moved around?

Mr. **Reilly**. I think there should be task forces set up locally in the different parts of the country. However, there should be a central coordinating task force because intelligence is so important. These people don't use their own names. You know them by nicknames, they are so fluid, they are mobile. You have to have the intelligence.

For example, many times we have cases where the man really comes from another area. If we learn where he is from, we are able to call the Maryland State Police, New Jersey State Police, and get the background on the man. So you have to have a nationwide intelligence pool that these various strike forces can draw on.

Senator **Nunn**. You mentioned in your statement legislation, perhaps, Federal.

Do you have anything specific in mind at this stage on legislative changes?

Mr. **Reilly**. Senator, some of the things I may state might sound like I am in favor of doing away with all rights of the defendants. I am not. One of the problems we have since the new uniform crime statutes, the crime of conspiracy has been severely restricted; that is, under Pennsylvania law and I am sure it is the law in most States who have amendend their crimes code in the past 5 years.

You cannot prove conspiracy against somebody unless he himself has conspired with someone who has committed an overt act.

So you can see that organized crime and bikers, where they are operating under this particular type of a conspiracy statute are insulated.

The Federal conspiracy statute is a great aid to us. I would like to see a broader conspiracy statute.

Another thing that we are running into is the right to counsel. You will find in these cases that most of the attorneys representing bikers are criminal attorneys. I am using the term as an adjective. That is every single biker in a particular area is represented by these attorneys, they are specialists, many of them are members of the club. So suppose we have Mr. *X* that wants to give us information on a murder about someone. He wants to implicate Mr. *Y*.

In 99 percent of the cases we cannot talk to *X* with an attorney there because his attorney has previously represented Mr. *Y*.

Many times you will find that there is a conflict. So that we have, I think, the right to counsel should be clarified in some way. It ought to be clearly understood that just because a lawyer has represented a biker in the past doesn't mean that he represents him forever.

There should be some clarification in that area because there is doubt.

I know in New York you cannot talk to anyone who has an attorney unless that attorney is there himself. That is the big problem in many of these cases, where somebody, a biker wants to give us information, remember we cannot infiltrate them with undercover people like regular criminals because you have to have committed a crime which no honest law enforcement officer can do.

We have to depend on the old ladies or girlfriends and the biker who becomes disaffected, two of whom you heard from this morning.

We have this problem. They are afraid to talk because they know the lawyer will tell other members of the club.

Senator NUNN. When the biker comes in, and wants to provide support or evidence to the law enforcement community, if that biker has been represented by a lawyer before, before you can talk to him you have to call in the lawyer.

Mr. REILLY. That seems to be the opinion today.

Senator NUNN. Is that a State or Federal interpretation?

Mr. REILLY. We are not quite clear what the interpretation is. Many times we know if we take information on a homicide, and the lawyer comes in, and said "I am his attorney," you knew I did represent him, we might lose that information. So there should be some clarification in just how far the right to counsel extends in these organized continuing types of crime.

Senator NUNN. I would ask if you would continue to work with staff to give some details on that. I want to find out if that is also true at the Federal level.

Mr. REILLY. I will be glad to. Another thing, I think the exclusionary rule absolutely has to be modified. I think we ought to have an exclusionary rule something like the Japanese.

If you actually find the drugs, then you have a balancing test, instead of throwing out the evidence completely just because an officer made an honest mistake. The exclusionary rule is one of the greatest deterrents to effective law enforcement.

In this area, although because of the police education in the past few years, the police are educated. We don't lose too many cases on the exclusionary rule.

The last thing that I think we have to get some clarification is in the law of joint possession.

One of the raids we had in Marcus Hook, we broke in, went in the door, we found them cutting drugs at a table about half the size of this. Of course, the only one we convicted had drugs in a straw in his hand. We were able to prove to the court the drugs were in there. We weren't able to prosecute the other four Pagans sitting at that table because we couldn't prove possession.

Clearly they were there cutting drugs but at the moment we come in the door, they either pushed them to the center of the table and, under Pennsylvania law, we couldn't prove it under joint possession. So we need some strength in the law of evidence.

Senator NUNN. I also would like to check to see if that is the problem at the Federal level. That may be unique to your State law. I am not sure. We have what we call constructive possession in the Federal area.

Mr. REILLY. There is constructive possession in Pennsylvania law and Federal law too, but, however, it is a very, very narrow concept. You actually have to be able to show the ability and the intention to control it.

Senator **Nunn**. Mr. Reilly, we appreciate very much your cooperation. We are thankful for what you are doing in law enforcement. We look forward to continue to work with you.

Mr. **Reilly**. Thank you, Senator. It is a pleasure to be here. It is committees like yours that really are the hope of the people. Most people don't realize the danger that is out there.

Thank you.

Senator **Nunn**. Thank you, very much.

We will conclude the hearing today until next week.

The next hearing on this overall subject will be on Wednesday, the 23d.

[Whereupon, at 1 p.m., the subcommittee recessed, to reconvene Wednesday, February 23, 1983.]

PROFILE OF ORGANIZED CRIME: MID-ATLANTIC REGION

WEDNESDAY, FEBRUARY 23, 1983

U.S. Senate,
Permanent Subcommittee on Investigations
of the Committee on Governmental Affairs,
Washington, D.C.

The subcommittee met at 10 a.m., in room 342, Dirksen Senate Office Building, under authority of Senate Resolution 333, section 13, dated March 11, 1982, Hon. William V. Roth, Jr. (chairman of the subcommittee) presiding.

Members of the subcommittee present: Senator William V. Roth, Jr., Republican, Delaware; Senator William S. Cohen, Republican, Maine; and Senator Sam Nunn, Democrat, Georgia.

Members of the professional staff present: S. Cass Weiland, chief counsel; Eleanore J. Hill, chief counsel to the minority; Katherine Bidden, chief clerk; John Sopko and Terrance Bostic, assistant counsels to the minority; Glenn Fry, Fred Asselin, and Leonard Willis, staff investigators; Kathleen Dias, executive secretary to the minority chief counsel; Mary D. Robertson, assistant chief clerk, minority; Tom Karol, staff counsel to the majority; and Sarah Presgrave, executive secretary to the chief counsel of the majority.

[Members present at the commencement of the hearing were: Senator Roth, Senator Cohen, and Senator Nunn.]

OPENING STATEMENT OF SENATOR ROTH

Chairman Roth. The committee will please be in order.

I would like to open the hearings before the Permanent Subcommittee on Investigations on organized crime in the mid-Atlantic region that were begun last week.

I regret that I was prevented by illness from attending. I would like to thank Senator Rudman and Senator Nunn for chairing the hearings in my absence.

Today and tomorrow the subcommittee continues its tradition of examining the extent of organized crime enterprises and the response of law enforcement agencies by focusing on the mid-Atlantic region. Next month the Permanent Subcommittee on Investigations will hold field hearings in Chicago, illustrating recent organized crime activities in that region.

As chairman of this subcommittee, I intend to continue to focus our attention and our efforts to scrutinize the organized crime enterprises in all their forms.

Before I go into any opening statements my colleagues may have, I want to take care of one item of unfinished business.

At our last meeting on February 15, Senator Rudman moved to hold a closed session of the Permanent Subcommittee on Investigations during the week of March 9 on the subject of the Hotel Workers Union. I was absent that day and would now like to vote in the affirmative. The members will be advised of additional information on these hearings in the near future.

Senator Nunn, would you care to comment?

Senator NUNN. No, Mr. Chairman.

I want to reiterate what I said at the opening of this hearing. We have had total cooperation between the majority and minority staffs in preparing for these hearings and we are grateful to you for your leadership in that respect.

We are also grateful to Cass and the majority staff, and the minority side for a very thorough job of preparing these hearings.

I made an opening statement at the original hearings last week. A staff statement was not included on the schedule, but after our first witness today, I think we would like to get a brief staff statement, which will be in the way of introducing background.

So at that point, after our first witnesses are called, we would ask for a brief staff statement. It does not appear on the witness list.

Chairman ROTH. Thank you, Senator Nunn.

At this time, I would call for Gary D. Liming, the Deputy Assistant Administrator for Intelligence, Drug Enforcement Administration.

Under our rules of the subcommittee, you must be sworn. Would you please raise your right hand?

Do you swear the testimony you will give before this subcommittee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. LIMING. I do.

Chairman ROTH. Thank you, please be seated.

At this time you may proceed with your statement. We do have, of course, your prepared statement. If you want to summarize it, we will be happy to incorporate the entire statement as if read.

Mr. LIMING. Mr. Chairman, I am basically prepared to give the bulk of the statement, I think, in the testimony this morning.

Chairman ROTH. Please proceed.

TESTIMONY OF GARY D. LIMING, DEPUTY ASSISTANT ADMINISTRATOR FOR INTELLIGENCE, DRUG ENFORCEMENT ADMINISTRATION

Mr. LIMING. Mr. Chairman, members of the subcommittee, I am pleased to appear before you here today. It is appropriate that discussions regarding organized crime include the Drug Enforcement Administration since drug trafficking is inherently an organized crime, involving sophisticated groups from a variety of ethnic, cultural, and geographical backgrounds.

At any point in time, groups from diverse backgrounds are engaged in organized crime to varying degrees. DEA maintains the flexibility to target the most significant individuals and groups, whoever they may be. It is these highly sophisticated groups that DEA considers to be organized crime. DEA records indicate that during fiscal year 1982 a total of 12,183 drug traffickers were arrested, of which 2,119 were major violators. This is a small percentage of the leading figures behind the billions of dollars in retail drug sales made in the United States annually. Drug trafficking, as well as a myriad of other crimes, such as prostitution, counterfeiting, theft, assault, and murder, in which organized crime engages, has a devastating effect on our society and economy.

In the United States, DEA believes that there are between 25 and 30 complex criminal organizations associated with each other in what is known as the American Mafia, the Mob, the Syndicate, or La Cosa Nostra. These groups operate extensive, sophisticated, powerful drug trafficking networks and pose a serious problem to drug law enforcement for several reasons.

In Italy and Sicily they are usually bound by blood as well as philosophy. In the United States they frequently direct their activities in much the same manner. Because of the extremely secretive nature of these groups, law enforcement often tends to have a difficult task in penetrating the drug trafficking operations.

Traditional organized crime is also involved in a multitude of legitimate and illegitimate businesses which are used to meet the needs of the drug trafficking operations. In some instances, they can control the drugs from the time of entry until they reach the street market.

Other drug organizations must sometimes pay tribute to the traditional organized crime families which control the geographic areas and means of transportation the traffickers must use to conduct their activities. This not only provides traditional organized crime with additional income, but also with an influence over the important portion of the drug trade in the United States.

During the last several years, law enforcement agencies have made significant strides toward the disruption of traditional organized crime's involvement in drug trafficking. For example, law enforcement officials in the United States, Italy, and other foreign countries recently joined forces to break up an intricate conspiracy which involved Italian organized crime groups in Italy that were smuggling heroin into the United States to relatives and associates in American traditional organized crime families. We believe that one of the primary recipients of this heroin was the New Jersey Gambino family, led by the brothers, Rosario and Giuseppe.

Although related to the late Carlo Gambino family of New York, the New Jersey Gambino drug operations are independent from the New York family. There are direct lines of communication and influence based on actual blood ties between the New Jersey Gambinos and other traditional organized crime families in New York. Gambino family members own significant interests in the pizza industry in South Jersey and parts of Pennsylvania. These businesses have been used for concealing illegal immigrants, for laundering money, and for storing drugs. They are known to have employed illegal aliens and other nonfamily members who were more experienced in drug trafficking to smuggle heroin into and transport it within the United States.

The Gambinos did not establish themselves in the large urban areas as did their older relatives. Instead, they established both legitimate and illegitimate businesses in the suburbs of New Jersey. They are currently headquartered in Cherry Hill, N.J. This move from large urban centers is also evident among other traditional organized crime families throughout the United States.

In March 1980, Giuseppe and Rosario Gambino were arrested in their Cherry Hill Restaurant and charged with participating in an international heroin smuggling operation after police in Milan, Italy, confiscated 41.5 kilograms of heroin destined for the United States. The heroin had an estimated street value of about $60 million. One of the suspects arrested in Italy had owned and managed pizza shops in New Jersey and Pennsylvania. You are probably aware that the Gambino brothers were recently acquitted of charges relating to this seizure.

It is also believed that the Gambinos may have been intended recipients for one or more of the shipments of heroin sized from Alitalia flights from Italy at J.F.K. International Airport. The Alitalia cases consist of six separate incidents between December 1977 and October 1980 in which approximately 31 kilograms of high quality Southwest Asian heroin was seized. Complicity of Alitalia employees was found in several cases and suspected in others.

We believe that Gambino family associates residing in South Jersey not only continue to be involved but may play an important role in the international heroin traffic. But the Gambino family is not the only family involved.

The Angelo Bruno family bears watching. The reasons for the March 21, 1980, assassination of Angelo Bruno, leader of the Philadelphia organized crime family for two decades, have not yet been determined. No one has been arrested for that murder. Bruno allegedly tried to prevent his people from dealing drugs and his death could have been caused by internal family differences over whether to become involved in the heroin, cocaine, and methamphetamine traffic. The subsequent gangland-style murders in Philadelphia are believed to be the result of a continuing struggle for control of the family.

It is now evident that the Bruno faction advocating involvement in drugs has the strong upper hand in this struggle. Although there continue to be strong indications that high-level Bruno family associates are involved in heroine trafficking in the Philadelphia-South Jersey area, and that they are negotiating for cocaine and marihuana shipments, they are predominantly involved in the manufacture and distribution of methamphetamine. Family members are allegedly actively engaged in manufacturing P2P, as well as identifying new overseas suppliers for this precursor chemical that is essential to methamphetamine production.

In fact, it is in the area of dangerous drug trafficking that these traditional organized crime families became involved with another group that has received a great deal of attention during these hearings, the Pagan Motorcycle Club.

The Pagans are one of four major motorcycle gangs which certainly qualify as organized crime by any definition. The other gangs are the Hells Angels, Outlaws, and Bandidos. The Pagans and several organized crime families operate in close proximity in various locations in the mid-Atlantic region, but friction is avoided by the fact that the two groups have separate territories and also by their fear of one another. During the 1970's, the traditional organized crime families in the mid-Atlantic States did not exert sufficient control and the Pagans were consequently allowed to gain a stronghold in the area. Since that time the two groups have occasionally cooperated for mutual financial gain on various endeavors including the distribution of methamphetamine. There is currently no open rivalry between the Pagans and traditional organized crime figures, although there is sometimes open confrontation between the Pagans and other outlaw groups.

The Pagans are one of the four most significant outlaw motorcycle gangs in the United States. A number of smaller groups, such as the Breed and the Warlocks, operate in the mid-Atlantic region, but the Pagans are the major motorcycle gang in the area. The organization originated in Prince Georges County, Md., in 1959 and since that time it has expanded along the entire northeast coast of the United States. The center of influence continued to be the Baltimore-Washington, D.C., area until 1975 when the club's headquarters was moved to Marcus Hook, Pa. following the arrest of several members involved in a mass murder in Virginia. After a massive law enforcement effort directed against the Pagans in Pennsylvania resulted in numerous arrests on drug and firearms charges about a year later, the headquarters was again moved, this time to Islip, Long Island, N.Y.

Although there is some disagreement among law enforcement officials as to the locations of chapters, it is generally agreed there are 40 to 45 chapters nationwide, at least 26 of which are in the four-State area of New Jersey, Pennsylvania, Delaware, and Maryland. Some cities have more than one chapter, such as Pittsburgh, Pa., which is reputed to have four separate chapters. It has been difficult however, to associate members with a specific chapter since members of different chapters constantly associate with one another and because existing chapters sometimes close in the face of law enforcement scrutiny or declining profits. New chapters are also formed when an opportunity for profit is identified.

The total membership of the Pagan nation is unknown, but estimates range from 450 to 800 active members. There may be 400 members in Pennsylvania alone. Approximately 600 members and associates have been identified nationally. Unlike the Hells Angels, Outlaws, and Bandidos, the other three major national gangs, the Pagans do not generally have formal clubhouses, but rather meet in each other's homes or other locations, further compounding the difficulty of law enforcement agencies in determining the chapter membership and their locations.

The Pagans are structured in the manner of 1930's to 1940's traditional organized crime organizations, with well-defined power figures and strict rules. The organization is headed by a national president and vice president. The individuals occupying these positions are generally figureheads, although they do participate in the illegal activities of the club. The president is in a position to skim profits off the top of most criminal activities, making his position a very profitable one. The second echelon of the Pagans is occupied by the mother club, which has approximately 20 members. The mother club, which acts as a governing body in setting national policy, is unique to the Pagans although it is similar in some respects to the Nomad Club of the Bandidos and other gangs. The mother club gives advice and guidance to chapters in a specific geographic area, rules on the establishment of new chapters, and literrally serves as enforcer of club policy, often violently punishing members who fail to follow directions. The mother club sets up illegal ventures, such a syndicates to traffic in drugs or stolen vehicles, and delegates most of the work and risk to the next echelon in the Pagan hierarchy, the chapters. The mother club receives much of the profit from these activities, keeping a portion for the individual members and paying a percentage into the Pagan treasury and defense/bail fund. Each chapter is governed by its own set of officers, in accordance with policy set by the mother club.

The primary motive for forming new chapters and accepting new members is profit. New members are accepted only on the recommendation of a current member and primarily as a result of the prospective member's willingness and ability to commit illegal and sometimes violent acts for profit and to turn much of that profit over to the Pagans.

The significant profits generated by drug trafficking make it an attractive venture for the club. Per dollar of profit, the risks are probably less than those associated with other crimes. It is estimated that over 50 percent of the Pagans are involved in drug trafficking. They have a large control over the manufacture and distribution of methamphetamine and PCP in the Northeast and have dealt in cocaine and marihuana as well. Based on seizures, it is conservatively estimated that the street value of the methamphetamines and PCP distributed by the Pagans annually is $15.5 million. They manufacture significant additional quantities which are consumed within the club, leading to still increased criminal activity to support the habit. Pagan members operate numerous other businesses in the mid-Atlantic States, which until scrutinized appear to be legitimate. These include motocycle shops, bars, and restaurants, which are used as fronts for illegal activities and to launder the money involved in these activities.

Pagan mother club members control the distribution activities almost entirely. The fear and greed of lower echelon members drive them to assist in the distribution schemes. Each time the drugs move between individuals in the hierarchy, two things occur: one, the drugs are cut with adulterants and, two, money changes hands. By the time the drugs reach the ultimate customer, it is not unusual for them to have been diluted 500 percent and for the price to have increased 1,000 percent. Frequently at this stage the drugs are diluted so much that they are not worth the price being asked. The chapter member, however, finds a way to sell the inferior product because he fears retribution if he fails to carry out his assignment. There is no shortage of prospective members waiting to replace those who fail to perform. The only check on senior members is their constant awareness that, if their enemies outnumber their friends, they too could be on the receiving end of the violence that permeates the organization.

There are a number of readily identifiable problems associated with the investigations of major motorcycle gangs. Foremost is the fact that senior level personnel are usually well insulated by lower level members who risk detection by law enforcement personnel. Second, the code of secrecy and threat of violence inhibit members who might otherwise succumb to law enforcement efforts to gather information. Members are strictly controlled by the organization. Prospective members such as law enforcement agents or informants are prevented from infiltrating the organization. Last, because of the increasing complexity of these organizations more time and expertise and coordination are required to conduct the investigations. This affects not only Federal law enforcement agencies but also State and local efforts. Because of the prominence that these organizations have gained during the last decade, they have been targeted for enforcement action by various Federal law enforcement agencies including the DEA and the FBI. There are currently a number of cooperative efforts underway which are targeted at their operations in the mid-Atlantic region and hopefully, these efforts will have a major impact on their illicit activities.

I want to thank you for inviting DEA to participate. Steps that this subcommittee has taken in the past to expose organized crime have had a substantial impact on the lives of all Americans. We believe that these hearings will continue to focus attention on a growing threat to the safety and security of our citizens, and to provide more effective means of dealing with this threat.

Chairman ROTH. I was rather intrigued by the idea that pizza shops may be important to the Mafia laundering of drug money.

[At this point Senator Cohen entered the hearing room.]

Chairman ROTH. How pervasive is this operation? Do you have any information on that? Could you elaborate on how this laundering is done, how the pizza shops are used for that purpose?

Does any of this money go offshore?

Mr. LIMING. The pizza parlors as well as any type of legitimate business, of course, serves primarily as a means to funnel the money through to be laundered, to change it from its form of illicit profits into something that would appear to be legitimate money.

The business can be utilized in various ways. The money from the drug transaction can be actually transferred to foreign banks, either into a so-called company or foreign bank account and then is funneled on into a business, if you will, a pizza parlor, then in a sense a loan could be made against those foreign source banks or foreign businesses.

The money would then come back as a legitimate loan for all intents and purposes. They then could, in fact, pay interest. With their having the pizza parlors on one end and having a fictitious business on the other end, this is one scheme which can be used to actually launder the money and make it appear legitimate.

Of course, the pizza parlors, being in need of supplies and so forth, can also use this as a basic scheme for transfering funds to different locations.

Chairman ROTH. Is there any truth to the claims or allegations that organized crime controls the cheese used in pizza and that is one means of exerting influence.

Mr. LIMING. Organized crime has been alleged to be involved in the cheese industry, at least portions of it for many years, Mr. Chairman. We know in the past that they have had interests in various businesses. I believe that we could say that there is no doubt in our mind that they do have either financing interest and or controls to influence quite a few portions of the industry.

Chairman ROTH. I was very much interested in your testimony, but I guess the bottom line is, does DEA have a specific program for dealing with drug trafficking by outlaw motorcycle groups?

Mr. LIMING. We consider them to be a significant violator as an organization.

Therefore, we are targeting them in those areas where they seem to have the highest level of activity. The Pagans are primarily operating in this area. We are treating that as a priority investigation. We have been for some time, I think since about 1976, trying to give organized crime priority attention. We have also had other special investigative efforts targeted at the Hells Angels and the Bandidos as well as the Outlaws. We consider them to be a major violator and as such, we are trying to target as much of our resources against them as we possibly can.

Chairman ROTH. One of my concerns is that we have these various outlaw groups. We well know about the Pagans, the Hells Angels, and so forth, and occasionally we successfully prosecute a few members but the organization, the criminal organization just goes along. Is there anything we can do to attack these basically criminal organizations?

Are our laws adequate on the books or do we need something additional?

Mr. LIMING. Mr. Chairman, I think the laws are adequate. I think we have to look at the structure of the organizations. In that there are inherent problems, the motorcycle gangs are very mobile, and there are many of them. They are primarily in this area keeping their activity in methamphetamine where they can actually manufacture it and keep it under their control until they sell it to the street user. So it cuts out the in-between or middle people that normally exist in the drug transaction. This helps them to keep the secrecy or to keep the outsiders from getting access to their organization.

I think the fact that they are just by nature a very violent organization and would not hesitate to use violence against a witness, potential witness, or against one of their own people who appears to be cooperating with law enforcement, just totally inhibits, in most cases, cooperation.

So I think if we are going to have a major impact against this type of an organization, we have to mobilize all available resources, both at the State and local level, as well as Federal, and we are going to have to try to do a better job of coordinating everyone's efforts to the point that the benefits and successes in one area are not lost.

Chairman ROTH. How do we bring about better coordination? For example, we have had testimony to the effect that in many cases the motorcycle gangs dominate or intimidate the local law enforcement people. Local law enforcement officials don't have the capability of dealing with outlaw motorcycle gangs. How prevalent a problem is that?

Mr. Liming. I think in your smaller cities that is certainly a possibility. Because of the sheer numbers it is very difficult for local law enforcement to deal with it.

I think that is the time when the State and certainly the Federal Government can try to give additional assistance to these areas.

I think we just have to accept the fact that history has shown that they will move, if we disrupt their actions to some degree, when considerable law enforcement pressure has been applied to them.

I think we have to make this a national effort rather than just an individual effort by various police departments. I think that to a large degree is what has happened.

Chairman Roth. My time is up.

I want to turn the questions over to Senator Nunn. But one final question at this time.

To what extent do you find either organized crime or the Pagans, motorcycle groups, involved in operations in Delaware? You have mentioned considerably about Pennsylvania and New Jersey. To what extent have they become active in the State of Delaware?

Mr. Liming. I think in Delaware, Mr. Chairman, we of course only have one real major city there; primarily Wilmington.

Chairman Roth. We have several, but that is all right.

Mr. Liming. I was going to say it seems to be having a major problem. Wilmington certainly seems to take the limelight as having the greatest influence or greatest impact from organized crime. We don't really have a lot of information that would say that Delaware is under the total influence or the control of any one particular group, whether it be traditional organized crime or outlaw motorcycle gangs.

Chairman Roth. Is any of it of any significant activity?

Mr. Liming. They certainly do have a drug problem throughout the State. Because of the population, it doesn't seem to draw the focus to it as much as perhaps some more highly populated States, but Delaware certainly—we would not suggest that Delaware is without some drug problem. They do have it.

Chairman Roth. Is that promoted by the Pagans or other such groups? Do you have any evidence of that?

Mr. Liming. I think primarily in the area of methamphetamine, and PCP to that degree there is trafficking in the Delaware area. In those two drugs I would think the Pagans are certainly responsible for a great deal, a fairly high percentage, of that which is flowing into that area.

Chairman Roth. Senator Nunn?

Senator Nunn. Thank you, Mr. Chairman.

Mr. Liming, we appreciate your cooperation and the cooperation of Mr. Amoroso, who is here with you. We appreciate Mr. Amoroso's cooperation in preparing for these hearings.

On the subject of the pizza parlors, are you suggesting that a large number of these are being used in laundering drug money or are you suggesting that that is one vehicle of many that the organized crime elements are using? In other words, I am trying to get you to put this in some degree of perspective. A lot of people eat pizza. I would suspect you are talking about a small number, are you not?

Mr. LIMING. Yes, sir. I do not believe that they are using the pizza parlors to a higher degree than other businesses. I think organized crime groups use all types of legitimate business as a means to either shield or launder their illicit proceeds.

Senator NUNN. You are saying that any kind of business which has a large amount of cash taken in is a convenient vehicle through which drug money can flow and be laundered, is that correct?

Mr. LIMING. That is correct.

Senator NUNN. Pizza parlors are one vehicle?

Mr. LIMING. That is correct.

Senator NUNN. Do you have any way of gaging?

Are you talking about a huge number being used in this respect, based on your DEA intelligence, or are you talking about a small number, about 10 percent, 50 percent? Do you have any way of gaging the number of these that are being utilized?

Mr. LIMING. You mean in the mid-Atlantic region?

Senator NUNN. I will give you the multiple choice. I am trying to pin it down a little bit.

Mr. LIMING. Senator, I do not believe I can give you a percentage with any degree of accuracy. We would have to go identify those pizza parlors that we believe are in fact either owned or controlled or under the influence of traditional organized crime figures and then use that in some scale of measuring against the total number. I think we could probably say it does not represent a major percentage of all pizza parlors by any stretch of the imagination.

Senator NUNN. It could be a large number, but still a small minority of the total?

Mr. LIMING. That would be my best guess.

Senator NUNN. How about the cheese traffic? Are you saying organized crime for some time has been involved in controlling cheese traffic?

Are you talking about real control of the cheese in this country? Are you talking about that as one vehicle through which they control? Again I am trying to draw some perspective of the degree of involvement here.

Mr. LIMING. What I am referring to is that portion of the cheese industry which primarily caters to the pizza parlor industry, provides the type of cheese and ingredients used for the making of pizzas.

We have known for some time, based on ongoing investigations as well as information from other law enforcement agencies, that there has been longstanding influence and control in some portions of this industry.

Senator NUNN. Is that directly related to the drug traffic or illegal profits from narcotics, and other drug traffic activities flowing into the cheese industry?

Mr. LIMING. I think the best I could say, Senator, is we know that some of the people involved in this are also involved or associated with drug trafficking. From that you could draw the conclusion, perhaps. But I would not be able to go beyond that.

Senator NUNN. Do you have specific cases where you have traced illegal narcotics money going into legitimate cheese businesses, or mainly on the basis of people that you are identifying as having been involved in drug traffic who are also involved in this?

Mr. LIMING. We do have some ongoing efforts that I could not get into in this forum. We have had an occasion where we have been able to establish emphatically that a person directly involved in a legitimate cheese business was, in fact, directly involved in narcotics. I don't have a note readily available, but I think it was the Eagle, if I can check here, Eagle Cheese Co. in Brooklyn back in 1973. In fact, the gentleman that owned that was arrested, I think with a seizure of a large quantity of heroin right out of the pizza parlor. This is one case which I could refer back to as actually establishing that people dealing in narcotics were directly involved in owning pizza businesses.

Senator NUNN. It sounds like we are a long way, though, from concluding that any particular segment of the cheese industry is totally dominated by organized crime, aren't we, based on the evidence?

I am not suggesting it is impossible, but I am saying based on the evidence that you have, and cases that you have.

Mr. LIMING. I would not want to leave the subcommittee with the idea that we feel they dominate the total cheese market. No. We do not. We do feel they have some very significant influence in the cheese industry, though, that should not be ignored.

Senator NUNN. Have the outlaw motorcycle gangs competed with, or worked with traditional organized crime families in trafficking in the narcotics in the mid-Atlantic region?

Mr. LIMING. We don't believe that they are competing in the form of developing a rivalry as such. We have information that we believe is accurate that shows they have cooperated at times, used the same source for methamphetamine, perhaps one would purchase precursors from the other, this type of thing.

We don't believe there is a great deal of interaction between them, but we certainly know there is enough interaction to say it is occasionally done.

Senator NUNN. I didn't understand.

Mr. LIMING. I say we have enough information over a period of time to establish that they do cooperate with one another when it suits their mutual financial interests.

Senator NUNN. So you are saying they are more or less neutral toward each other, to the best of your evidence, they are not there competing, but they are not that active working together, except on occasion?

Mr. LIMING. They seem to have their own territories and they work within those territories.

I think they have a mutual respect for each other and, based on that, they seem to coexist with only minimal problems.

Senator NUNN. Has the DEA worked with the strike forces to prosecute any of the motorcycle gang narcotics activities?

Mr. LIMING. The only organized crime strike force in the mid-Atlantic region, I think, is in Philadelphia. In that case, I think any case that has been prosecuted has not been by the strike force per se, but has been handled by the U.S. Attorney's Office, Controlled Substances Unit. Since there is the Controlled Substances Unit within the U.S. Attorney's Office, the policy has been for several years that just because an investigation developed into organized crime, that the organized crime strike force would not automatically assume jurisdiction, but would work closely with the Controlled Substances Unit. I do not know of any case the strike force has prosecuted or handled directly, but they have certainly cooperated with the Controlled Substances Unit on any activity that has taken place.

Senator NUNN. Can you tell us anything about the plans of the administration in terms of the new task forces that are being set up on organized crime, and how they would interrelate on this general area we are talking about?

Mr. LIMING. Twelve task forces are located throughout the United States and they are investigative task forces, targeted against organized crime. The cases that are going to be assumed by these task forces and pursued and prosecuted by them will be selected by the U.S. Attorney, and the respective agencies involved in each given area.

On that basis, I would believe that probably we can expect to see some of the motorcycle gang investigations being handled by these task forces.

Senator NUNN. Can you identify, or can DEA identify Donald Trott, known as Gypsy?

Mr. LIMING. DEA knows Donald Trott as the national vice president of the Pagan Motorcycle Club. We know in 1976 he was arrested and convicted for possession of methamphetamine with intent to distribute. He received, I believe, a year and a day's sentence and he, of course, is now out.

In 1976, he was not the national vice president; he was a motorcycle club member, and since that time has assumed the role of national vice president.

Senator NUNN. So, you believe him to be today the national vice president of the Pagans?

Mr. LIMING. According to our information. Yes.

Senator NUNN. Can you identify Charles McKnight, also known as McNut?

Mr. LIMING. Charles McKnight is known to us as having been arrested and convicted by the DEA in Philadelphia in 1978 for conspiracy to manufacture PCP.

McKnight, at the time, was just a member of the Pagans and now has, if our information is correct, become a member of the mother club.

Senator NUNN. Can you tell us, referring to Gypsy, what you know about his drug activities?

Mr. LIMING. Senator, I don't have that information totally available to me right here, but he was arrested and convicted for possession of methamphetamine with intent to distribute. Now, that would mean that we have information, and had information at that time, that he was selling methamphetamine and that is how the case developed against him.

Senator NUNN. How about McNut? Can you tell us anything about his drug activities?

Mr. LIMING. I would have to say, Senator, basically the same thing. We certainly could submit for the record, if you wanted that information that came out as a result of our investigation, and the arrest.

Senator NUNN. We would ask you, on both of those cases, to submit that for the record.

Mr. LIMING. All right.

[The information follows:]

Charles McKnight also known as McNut was arrested by DEA's Philadelphia office on May 4, 1977, on conspiracy charges—violation of 21 USC 846. McKnight was tried, found guilty and sentenced to four years in the custody of the Attorney General. Execution of this sentence was suspended and McKnight was given a five year suspended sentence for conspiracy to manufacture methamphetamine. Probation was scheduled to expire October 20, 1982, but because of the following subsequent arrests, the expiration has been delayed. McKnight was arrested on October 20, 1981, by the Philadelphia Police Department for receiving stolen property—no disposition; on December 11, 1981, by the Chester Police department for possession with intent to deliver and manufacture—disposition unknown; and on March 24, 1982, by New Jersey State Police for possession of a controlled dangerous substance—no disposition.

Donald Trott also known as Gypsy was arrested on July 2, 1982, on kidnapping and assault charges. A $50,000 bond, later reduced to $30,000, was imposed. The trial was scheduled to begin on March 21, 1983, but Trott did not appear. The court ruled on March 22, 1983, that he will be tried in absentia. Trott had previously been arrested on July 23, 1976, for sale of methamphetamine. For this, he served 10 months Federal time and was released December 10, 1977.

Senator NUNN. Mr. Chairman, I may have a couple more. But I will waive.

Chairman ROTH. Senator Cohen.

Senator COHEN. Mr. Liming, should we come away from this hearing with the notion that pizza might be hazardous to our health?

Mr. LIMING. No, Senator. I would not want to leave that impression.

Senator COHEN. You indicated to the chairman that you think the laws are adequate, and yet as I listened to your testimony, I find that there are very few convictions involving the motorcycle gangs or indeed members of organized crime in general. I was wondering whether you think the laws are adequate. You have indicated that, No. 1, it is very hard to penetrate the motorcycle gang structure. You indicated that they have a level of violence which is quite discernable. I am not certain as to why their level of violence is any different from what we have heard about the mob, the syndicate, the La Cosa Nostra.

Is there a distinction? Aren't those traditional organized crime elements as violent?

Mr. LIMING. I think both organizations have a history of using violence extensively.

Senator COHEN. So there is no real difference?

Mr. LIMING. I don't think there is a real difference between the two. The motorcycle gangs, however, by their own doing in some respects have caused this image of them to be projected, if you will, and this has certainly helped them to intimidate people trying to infiltrate their organization or those who start to have misgivings and want to break away from the club, it is very difficult to do that.

Senator COHEN. Is that any different from the Mafia?

Mr. LIMING. No, sir, not in that regard.

Senator **Cohen**. What I am saying is we have a commonality of procedure—violence. Why is it harder to penetrate the motorcycle gangs than perhaps the other elements of organized crime?

Mr. **Liming**. From a DEA perspective one of our principal tools of course is to use informants as well as our own agents working under cover. The motorcycle gangs do not allow anybody to work with them without being a member unless they are a prospective member. The tests, if you will, that are required of a prospective member would normally preclude law enforcement officers or informants working with a law enforcement agency getting involved.

Senator **Cohen**. You indicate on page 7 of your testimony that it has been difficult to associate members with a specific chapter since members of different chapters associate with one another. What is the relevance of that? Last week we heard testimony that it is quite easy to identify members of motorcycle gangs by virtue of the colors that they wear and never wash, and the fact that they would rather blatantly display their membership as part of a gang. What difference does it make whether you can associate members with specific chapters? Are you able to identify who the members of the particular gangs are, such as the Pagans for example?

Mr. **Liming**. What I was referring to is the fact that trying to identify which member is assigned to which chapter is difficult because they move rapidly, and have a high degree of mobility between chapters.

Senator **Cohen**. But you know who the members of the Pagans are, don't you?

Mr. **Liming**. Yes, we have about 600 of them and their associates identified on a national basis.

Senator **Cohen**. Have you heard whether or not the labs in the Poconos that produce the chemicals that manufacture the drugs are being pushed north up into Vermont?

Mr. **Liming**. I am not personally aware, Senator, that they are being pushed further north. We are certainly aware of the labs in the Pocono area. I am not aware that they are being pushed north. You mean pushed out of the Pocono area?

Senator **Cohen**. Yes.

Mr. **Liming**. I am not personally aware that that is happening.

Senator **Cohen**. Last week we heard testimony to the effect that unlike other examples of illegal activity that we have had before this subcommittee, there are very high rates of profit with high probability of being apprehended, or prosecuted, convicted, and eventually sentenced. I asked the question as to whether or not judges were handing out stiff sentences to the members of the motorcycle gangs who were apprehended and convicted of committing crimes. The answer was they are getting fairly stiff sentences.

In response to Senator Nunn's questions, it seems to me the sentences being handed out are rather minimal—1 year, 5-years probation for possession of metamphetamine with the intent to distribute. Do you consider these to be significant sentences?

Mr. **Liming**. Senator, the sentence a year and day that I referred to occurred back in about 1976.

Senator **Cohen**. I think 1978.

Mr. **Liming**. 1978 was the one on McKnight where he got 5-years probation.

Senator Cohen. Is 5-years probation a significant sentence?

Mr. Liming. No, sir. It is not. I am suggesting though that in the last year or two we have seen what I think is a very definite change and we are starting to see stronger sentences across the board being handed out by the judges against these major traffickers.

Senator Cohen. Just one final point. What is the liaison relationship between DEA and IRS, if any?

Mr. Liming. We have an ongoing relationship with them. We provide IRS with a list of all major violators that we suspect are involved in narcotic trafficking. We have frequent meetings at the headquarters level. They provide us information that they gain to the extent they can under the law. They have had a person assigned at the El Paso Intelligence Center for over a year now to aid us in this information flow and we have an ongoing relationship between most of our field offices and the field offices of IRS.

Of course, in some DEA offices we have IRS agents assigned who report daily.

Senator Cohen. In other words, when they have profits that are taken from the sale of illegal narcotics and used to invest in fronts such as pizza parlors, IRS would be interested to find out where they came up with the capital to set up such an operation? Is that the kind of liaison?

Mr. Liming. Yes. We provide them all the information we have and they pursue it from a tax evasion standpoint. Of course, DEA continues their investigation to identify where their assets are so we hopefully can move against them and seize them under the current law.

Senator Cohen. Do you think the efforts have been vigorous enough? You indicated they moved their headquarters from the Washington area to Pennsylvania following a mass murder in Virginia. A few years later they moved into New York from the Pennsylvania area. Are we really being vigorous enough in going out after them?

Mr. Liming. I would say from the law enforcement standpoint we always think things should be more vigorous than they are. But I think you have to keep in mind that the so-called headquarters is not necessarily where the bulk of their officials stay. I think the vice president is located in Wilmington, Del., if I am not mistaken or at least close to Wilmington.

I think when we say their headquarters is in Atlantic City, it usually means that is where the president is. I don't think we should get too concerned about where the headquarters is as to whether or not there is a concerted enough effort applied against that particular location.

Senator Cohen. Thank you, Mr. Chairman.

Chairman Roth. Mr. Liming, I would like to go back to the question raised by Senator Cohen, that is, the difference between organized crime and the outlaw motorcyle gangs. It was my understanding from prior testimony that there really is quite a difference in the way they operate, that the motorcycle gang, the outlaw motorcycle gangs are in one sense more difficult to deal with, partly because of their mobility, partly because they are much more aggressive, violent, unpredictable than is the case of organized crime where they tend to work in a more settled line of operation.

Is that true?

Mr. **Liming**. I would say yes, Mr. Chairman.

Chairman **Roth**. Doesn't that give us some different problems trying to deal? Don't the motorcyle gangs who are involved in illegal activities provide some special problems both because of their mobility and their ultraviolence?

Mr. **Liming**. I would say that the law enforcement effort against the motorcycle gangs is in general probably more difficult, and because of those situations you have described here, than working against the ultratraditional organized crime people. The traditional organized crime families even though they use violence, are as a general rule, more predictable as to what they will or will not do than the members of the motorcycle gangs. On that basis we are able to make better judgments on how to work.

Chairman **Roth**. In your testimony you made reference to the fact that organized crime tends to be moving into suburban areas. Is there any particular reason or significance to that?

Are their operations moving from the urban areas to suburbia?

Mr. **Liming**. We see that the principal people seem to be moving out to suburbia, at least out of the major urban areas. We think that is possibly for several reasons. One, maybe they just like most other people want to get out of the major cities and get into the suburban life style. Probably it is more due to the fact that there has been a lot of intensified law enforcement pressures applied to them in the urban areas. When they move out of those areas, get into the more sparsely populated areas, it gives them a little more sense of security because it is more difficult to conduct surveillance on these areas than it would be in some major urban areas.

It also gives them a chance to operate more freely, and then just go into the city as they need to and come back out. Beyond that, Senator, I just don't seem to have a lot of information that would say exactly why they move into suburbia. We see this though as a definite trend over the period of the last several years.

Chairman **Roth**. It is my understanding that motorcycle gangs not only market the drugs but in many cases they have a laboratory and produce it. Are we making any special effort to determine where they are getting the chemicals and substances that go into these drugs and is it practical to try to shut off these supplies as a means of controlling the illicit sale of drugs?

Mr. **Liming**. Yes. We do have several programs that are designed toward the so-called precursors. The PCP is a controlled substance. That was brought under control several years ago. It has made the acquisition of PCP more difficult. It is now being brought in through Canada, some is being manufactured locally, and so we have increased the controls on that particular precursor but there is always a way to get around them if the demand is there.

We do have ongoing programs where we are trying to track where the other precursors are being sold. Then we can try to differentiate between those which go to legitimate businesses and those which we believe are not and use that as a means for pursuing those investigations. So yes, we do have programs in those areas and they are in operation right now.

Chairman ROTH. Senator Nunn?

Senator NUNN. Just a couple of questions. Do you use the witness protection program very extensively in investigating drug cases that involve the outlaw motorcycle gangs?

Mr. LIMING. We have certainly used it, Senator. I am not sure how many people are presently under the program. But we have certainly used it in the past. Of course, DEA uses the witness protection program in general a great deal.

Senator NUNN. Is it an effective tool in dealing with the outlaw motorcycle gang witnesses?

Mr. LIMING. I believe it is probably about the only way we are going to ever be successful in trying to convince a member, past member, or a person who has direct information to come forward and try to cooperate with the Government.

Senator NUNN. Are you running into any difficulty in the use of that program at this point in time?

Mr. LIMING. I am not personally aware of that. I have heard informal comments that because of their nature the people who are involved are difficult people to control and therefore it makes them difficult to put into the program. In trying to get better information on that, I just talked with the U.S. Marshals Service as late as yesterday. Their position was that this doesn't create a problem that they cannot handle.

Senator NUNN. How about your people out in the field? What do they think?

Mr. LIMING. Some of our people have indicated that they are witnessing some local problems in certain areas. I am going to pursue that.

Senator NUNN. Problems in putting people under the witness protection program?

Mr. LIMING. There seems to be some degree of problem in getting some of the people entered into the program as soon as they would like.

Senator NUNN. Do you know Mr. Paul Ferry, also known as Ooch?

Mr. LIMING. My information is, Senator, that he is the national president of the Pagans.

Senator NUNN. Where does he reside?

Mr. LIMING. I think he resides in Islip, N.Y.

Senator NUNN. Do you have any information that would link him to what we call traditional organized crime families in the New York area?

Mr. LIMING. Senator, I am not sure I can answer that. We just have several ongoing programs involving the Pagans and traditional organized crime people in that area. We do know they are cooperating in some limited areas among themselves. I guess at this point I would not be able to say that we have documentary proof that I can present to this subcommittee.

Senator NUNN. Thank you very much.

Chairman ROTH. Thank you, Senator Nunn.

Again, on behalf of the subcommittee we appreciate your cooperation and help. If there is any further questions they can be submitted in writing.

Mr. LIMING. Thank you, Mr. Chairman.

Chairman ROTH. Our next witness will be staff investigator, Glenn Fry, who will give a very short background statement regarding our motorcycle club witnesses who are to follow.

Mr. Fry, will you, please, stand and raise your right hand?

Do you swear the testimony you will give before the subcommittee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. FRY. Yes, I do.

Chairman ROTH. Please be seated and proceed.

TESTIMONY OF GLENN FRY, INVESTIGATOR, PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

Mr. FRY. Mr. Chairman, last week the Permanent Subcommittee on Investigations received testimony from law enforcement personnel as well as two former Pagan Motorcycle Club members about the organization, structure of a newly organized crime group, outlaw motorcycle gangs.

We heard testimony that showed that the Pagans are highly organized with a national hierachy, national offices, constitution, and bylaws.

We have learned that the outlaw motorcycle gangs exist primarily to make money through illegal means. In fact, we heard it is the aim of the outlaw motorcycle gang member to earn money and live day to day without any legitimate gainful employment.

State troopers from Pennsylvania, Maryland, and New Jersey as well as former Pagans who testified before the subcommittee informed us that the outlaw motorcycle gangs' most income producing activity——

Chairman ROTH. I am having trouble hearing you.

Would you speak again and maybe read it a little slower?

Mr. FRY [continuing]. The most income producing activity is that of the manufacturer and trafficking of narcotics, specifically methamphetamine and PCP. According to their testimony, there is a sophisticated network and organized operation in which to manufacture and traffic these narcotics.

We have learned that the motorcycle gangs, specifically the Pagans, have a hierarchy consisting of 13 to 20 members which they refer to as the "mother club." These mother club members control club policy, club activities, and club criminal ventures. Mother club members carve out specific geographical areas for which they are to be responsible in the trafficking of narcotics as well as other illegal activities such as arson, prostitution, and organized theft schemes.

Mother club members establish chapters in their respective geographical areas. They dictate the activities to the chapters, and the chapters carry out any directive received from the mother club members.

We have learned that the outlaw motorcycle gangs have established such a sophisticated network for the trafficking of narcotics in the mid-Atlantic region and up and down the east coast that they literally control nearly 50 percent of the distribution of methamphetamine and PCP production. They have become so sophisticated that they have successfully endeavcred to manufacture these drugs as well as distribute them. This entire scheme is perpetrated by between 13 and 20 mother club members.

The subcommittee also received testimony which has indicated that outlaw motorcycle gangs have become so powerful in the mid-Atlantic region that they have been able to coexist with traditional organized crime families in the same area.

Not only have they coexisted with traditional organized crime families but we have heard testimony which says that they have cooperated in joint ventures, hired themselves out to organized crime for various criminal operations, and, in some cases, competed with traditional organized crime in the manufacture and trafficking of methamphetamine and PCP.

It is becoming apparent that these two organized crime groups are not strangers to each other, and information received by the staff during this investigation shows that outlaw motorcycle gangs and traditional organized crime are becoming more and more compatible in their efforts to profit from their criminal activities.

In addition to the testimony already received during the subcommittee's hearing on February 15, the minority staff of the subcommittee has been able to develop information which graphically illustrates how the Pagans traffic their narcotics and how they have interacted with organized crime. This information has been received from local law enforcement, Federal law enforcement and Pagan members themselves.

The Pagans narcotics operation involves not only Pagan members but also citizens who serve as their source of necessary chemicals to manufacture methamphetamine.

In the mid-Atlantic region, the manufacture of methamphetamine was controlled, for the most part, by three individuals and two organized crime groups, the Pagans and the Bruno organized crime family.

From approximately 1977 through 1981, the main supplier of the chemicals necessary to manufacture methamphetamine was one Ronald Raiton of Dresher, Pa. Raiton was the biggest east coast supplier of P2P.

Raiton supplied P2P to Ronald Kownacki and Ronald "Long John" Martorano. Martorano is a member of the Bruno organized crime family. Kownacki was a New Jersey businessman who closely aligned himself with the Pagan Motorcycle Club. Both Martorano and Kownacki had their respective chemists who would manufacture meth from the P2P.

Their operations were separate, their clientele was, for the most part, separate. In some instances, Kownacki and Martorano's clientele overlapped. There were times when Kownacki supplied Martorano and vice versa when either's supply of drugs was low. For the most part, Kownacki sold a finished product, meth, to a Pagan named Walter "Buckets" Jozwiak. Kownacki's meth labs would be in such environments as houses, apartments, and in trailers in various public campgrounds.

Buckets, a Pagan member from southern New Jersey, was responsible for obtaining most of the Pagans' meth. Buckets was then responsible for distributing meth to mother club members of the Pagans throughout the New Jersey, Delaware, and Philadelphia area.

There was a point in time when Kownacki and his associates in the P2P operation also obtained P2P from individuals named George Bostaris and Al Hartzel. Bostaris is purported to be a member of the Philadelphia Greek Mafia. Hartzel is an ex-Philadelphia policeman.

The minority staff has received information that, in addition to the Pagan president, Paul Ferry, also known as Ooch, two of the mother club members who regularly received a supply of meth were Donald Trott, also known as Gypsy, and Charles McKnight, also known as McNut.

Gypsy was the mother club member responsible for Delaware. McNut was the mother club member responsible for parts of Philadelphia and Delaware County, Pa.

Another mother club member who regularly received meth through Buckets was Anthony Mengenie. Mengenie was a mother club member of the Pagans who resided in Upper Darby Township, Pa. During last week's hearing, we received documents from the Pennsylvania State Police evidencing search warrants and arrests of Mengenie which resulted in the discovery of quantities of meth on his premises.

Mengenie, according to law enforcement, was responsible for distributing meth to various Pagan members throughout the Philadelphia metropolitan area. Mengenie was arrested and convicted for sale and distribution of meth by the Pennsylvania State Police and the District Attorney's Office of Delaware County, Pa.

From 1978 to 1981, Kownacki, through Buckets, continued to be the major supplier of meth to the Pagan Motorcycle Club. In 1981, Kownacki was convicted and sent to prison, as was Buckets. However, for a period of time, Kownacki managed to continue supplying the Pagans with meth while in prison. Information received by the minority staff revealed that, while Kownacki was in prison, he was able to control the P2P and meth traffic.

The Pagans were periodically supplied by Kownacki's wife with several gallons of P2P so that they could manufacture meth. She also supplied the Pagans with meth during the time her husband was in prison. While Kownacki was in prison, law enforcement officials believe certain Pagan members learned the process of manufacturing meth from P2P.

We have learned that some of the individuals responsible for manufacture of meth within the Pagan organization were Glenn Turner, Rocco Kovatto, and James DeGregorio. DeGregorio, Kovatto, and Turner would manufacture the meth and distribute it, for the most part, to the same group of mother club members, who received meth through Buckets.

Two of these members who regularly received a supply of meth were Charles McKnight and Donald Trott. It was the responsibility of these mother club members, who were regular recipients of Turner and DeGregorio's meth, to redistribute it not only to other mother club members but also to other Pagan members as well.

Kownacki, prior to going to prison, would utilize the Pagans in every way possible to further the meth operation. Kownacki would travel down the east coast as far as Florida with members of the Pagans to distribute his meth. Kownacki utilized the Pagans as a form of protection. It has been alleged that he purchased a bar in southern New Jersey so that the Pagans would have a place to hang out. It has also been alleged that Kownacki paid Paul Ferry, also known as Ooch, the Pagan national president, $500 a week for protection.

Although Kownacki utilized the Pagans to buy and distribute his meth as well as rely upon them to provide him with protection, he also, according to law enforcement authorities, was paying $10,000 to the Bruno organized crime family for every gallon of P2P that he purchased from Raiton.

Kownacki also paid Buckets $1,500 for every pound of meth he delivered to the Pagan motorcycle gang. This seems like an extremely high operating cost; however, Kownacki, who purchased a gallon of P2P from Raiton for approximately $4,500 would sell 1 pound of meth to Buckets for $9,000. Buckets would cut 1 pound of meth almost 50 percent and sell the diluted meth for $10,000 per pound to other mother club members. Mother club members who received this meth sold it to other Pagans for approximately $900 an ounce.

Ronald Raiton pled guilty in 1981 to conspiracy to distribute P2P. He eventually cooperated as a government witness and has subsequently been admitted into the witness protection program. He testified against Raymond "Long John" Martorano in Martorano's trial for conspiracy to distribute and possession to distribute P2P.

Kownacki was convicted in 1981 of possession with intent to distribute methamphetamine and conspiracy to distribute methamphetamine and is serving a 7-year prison sentence. Law enforcement sources believe that these two individuals who were responsible for bringing together, both competitively and eventually cooperatively, the Pagans and the Bruno organized crime family in the manufacturing and trafficking of methamphetamine in the mid-Atlantic region.

During December 1980, Ronald Kownacki was robbed of an unknown quantity of gold by Peter Rinaldi and Victor Deluca, who are purported to be associates with the Bruno organized crime family. Allegedly, Kownacki was robbed of this gold as an extortion payment for his dealings in Philadelphia. The gold allegedly belonged to the Pagan Motorcycle Club.

Law enforcement authorities believe that Kownacki, who paid Pagan president, Paul Ferry for protection, contacted Ferry and explained that Deluca and Rinaldi had stolen the Pagans gold. Subsequently, in February 1981 Jimmy DeGregorio and Pagan Eddie Condon confronted Victor Deluca, Joseph Pedulla, and Harry Riccobene in a public parking lot in downtown Philadelphia in an effort to retrieve the gold. DeGregorio attempted to abduct at gunpoint the three; however, Deluca stopped the car, fled the scene and was shot in the shoulder by DeGregorio. Riccobene disappeared into the crowd and police arrested DeGregorio and Eddie Condon.

Some time after this incident, DeGregorio and Glenn Turner met with Harry Riccobene, Victor Deluca, and Joseph Pedulla at Pedulla's residence to discuss the return of the gold.

Glenn Turner was included in this meeting because he had been previously acquainted with Riccobene during the time spent in jail with him about 3 years earlier. Law enforcement sources believe that it was at this point in time when the Pagans and Riccobene began negotiating possible joint ventures in trafficking methamphetamine and P2P. Subsequent meetings were held between DeGregorio, Deluca, and Pedulla during 1982. Police also observed Pagan Charles McKnight at an April 1982 meeting with these people at DeGregorio's home. Glenn Turner, DeGregorio's partner in connection to Riccobene, was involved in the shooting of a New Jersey State policeman and was not involved in the dealings with Riccobene hereafter.

Two other individuals, one a Pagan, who had been in jail with Riccobene, began dealing with DeGregorio. One of these individuals was allegedly involved with Raymond Martorano, who was the organized crime figure operating the methamphetamine business for the Bruno family.

The Pagans learned that Raymond Martorano was demanding 20 percent of their meth operations if they were to operate in the same area that has his meth operation. Incensed by this, several Pagans contacted Martorano at Cous' Restaurant in South Philadelphia and confronted George Martorano about his demand.

The following Sunday, DeGregorio, Kenneth DeRosa, a one-time chemist for the Bruno family, and Charles McKnight led a group of approximately 30 Pagans on motorcycles to the vicinity of Cous' Restaurant.

The three individuals met with Raymond Martorano, Joseph Ciangalini, and Sonny Merlino. It is believed by law enforcement sources that it was at this meeting that Martorano and his associates backed down from their demand to require 20 percent of all the Pagans meth dealings and began negotiating a way in which they could work in concert in the manufacturing and trafficking of meth and P2P.

That evening after the meeting, John Kachbalin, also known as Egyptian, one of the Pagans who had congregated in the show of force outside of Cous', was run over on his motorcycle by Salvatore Sonny Merlino. After exchanging insurance information, it was learned by law enforcement that Merlino's mother's residence was riddled with gunfire as retaliation for the attempt to harm one of the club members.

Subsequent to this confrontation, several of the Pagans met at the Oregon Diner in South Philadelphia with purported members of the Bruno organized crime family, who included Phil Leonetti, Raymond Martorano, George Martorano, Nick Virgilio, Larry Merlino, and Frank Verdino. Also present were Harry Riccobene, Victor Deluca, and Joseph Pedulla.

It is widely held belief within the law enforcement community that the Bruno organized crime family had factions within it that were vying for control. Two of these power factions known were the Riccobene's and Martorano's. Martorano, for years, had been controlling the drug distribution operations within the Bruno family. Riccobene's main source of income, on the other hand, was that of the traditional organized criminal ventures, such as gambling, extortion, and loansharking.

Riccobene, in an effort to gain control of the decimated Bruno family, attempted to aline himself with the Pagans to develop a drug operation of his own and possibly overtake Martorano's operation.

The Pagans were a powerful group in Philadelphia. Law enforcement sources believe that both Riccobene and Martorano sought their cooperation because of their expertise in the manufacture and distribution of methamphetamine and their success at it.

It is believed that because of the split in the Bruno organized crime family, neither Riccobene nor Martorano believed that they could overtake the Pagans in an effort to control the drug market. Therefore, each tried to aline themselves with the Pagans.

On the other hand, the Pagans had factions within their club who attempted to aline themselves with either Riccobene or Martorano. According to law enforcement sources, some Pagans believed Riccobene to be in a position in the Philadelphia family to make money in the drug market—others felt Martorano was the power.

Informed sources have disclosed that they believed that the Pagans, in April 1982 during a confrontation with Bruno organized crime family figures at the Oregon Diner in Philadelphia, were in a position to overthrow the family and take control of Philadelphia using their drug operations as their source of power, influence, and wealth.

The Pagans, however, were not united in their effort to do this. Informed sources believe that an agreement was therefore made between the bikers and the mob which carved out respective territories for both to pursue their drug trafficking operation.

Today, we have called as witnesses Donald Trott, also known as Gypsy, and Charles McKnight, also known as McNut. We have heard testimony from law enforcement in which their intelligence information indicates that both Charles McKnight and Donald Trott are mother club members of the Pagan Motorcycle Club. In fact, it has been alleged that Donald Trott is the national vice president of the Pagan Motorcycle Club.

We have information that says Donald Trott has been a Pagan for at least a decade or longer. He resides in Newport, Del., near the Maryland border. We have heard that Donald Trott, as a mother club member, controls the geographical areas of southern Delaware and northern Maryland where he has set up chapters and has organized a narcotics trafficking scheme in that area.

Charles McKnight is a mother club member who resides in Darby Township, Pa. We understand that McKnight has been in the Pagan organization since 1978. The subcommittee has been provided with information that indicates McKnight is also responsible for certain geographical areas within Philadelphia, and Delaware County, Pa., for the manufacture and distribution of methamphetamine and P2P.

We have information which has placed both Mr. Trott and Mr. McKnight in the company of members or associates of the Bruno organized crime family. Donald Trott, according to law enforcement sources, has been using Kenneth DeRosa as a source of supply for methamphetamine within the last year or year-and-a-half.

Our information suggests that mother club members are involved with the Bruno organized crime family members in an effort to manufacture and distribute methamphetamines and P2P.

We have been informed that both Mr. McKnight and Mr. Trott own or rent their homes, own motorcycles and own automobiles. However, according to law enforcement sources, we are not aware that either one of them is gainfully employed.

The subcommittee today has called these two men in to testify regarding their respective roles as mother club members of the Pagan Motorcycle Club as well at to describe the activities, structure, and ideology of the outlaw motorcycle gangs.

Chairman ROTH. Thank you, Mr. Fry.

Senator Nunn?

Senator Cohen?

At this time, we call forward Mr. Charles McKnight.

Mr. McKnight, will you please come to the table?

Please remain standing.

Under the rules of the subcommittee, you must be sworn.

Raise your right hand.

Do you swear the testimony you will give before this subcommittee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MCKNIGHT. I do.

Chairman ROTH. Please be seated.

TESTIMONY OF CHARLES McKNIGHT, MEMBER OF PAGAN MOTORCYCLE CLUB, ACCOMPANIED BY NINO TINERI, ESQ., COUNSEL

Chairman ROTH. I would ask at this time the attorney to please identify himself.

Mr. TINERI. Thank you, Mr. Chairman.

My name is Nino Tineri. I represent Mr. Charles McKnight. I am a member of the Pennsylvania Bar.

Chairman ROTH. Mr. McKnight, where do you reside?

Mr. MCKNIGHT. 2906 West Third Street, Chester, Pa.

Chairman ROTH. How are you employed? How long have you been so employed and what is your income from your employment?

Mr. MCKNIGHT. Dear sir, I respectfully decline to answer that question on the advice of my counsel.

I further decline to answer that question based upon my rights afforded to me under and by the U.S. Constitution. I, therefore, invoke the privilege granted to me by the U.S. Constitution and through and by the fifth amendment and decline to answer that question.

Chairman ROTH. Mr. McKnight, are you a member of the Pagan Motorcycle Club? If so, how long have you been a member?

Mr. MCKNIGHT. Dear sir, I respectfully decline to answer that question on the advice of my counsel.

I further decline to answer that question based upon my right afforded to me under and by the U.S. Constitution.

I, therefore, invoke the privilege granted to me by the U.S. Constitution and by the fifth amendment and decline to answer that question.

Chairman ROTH. Are you a member of a motorcycle club?

Mr. MCKNIGHT. Dear sir, I respectfully decline to answer that question on the advice of my counsel.

I further decline to answer that question based upon my right afforded to me under and by the U.S. Constitution.

I, therefore, invoke the privilege granted to me by the U.S. Constitution and by the fifth amendment and decline to answer that question.

Chairman ROTH. Senator Nunn?

Senator NUNN. Mr. Chairman, just a few questions.

Mr. McKnight, are you also known as McNut?

Mr. MCKNIGHT. Dear sir, I respectfully decline to answer that question on the advice of my counsel.

I further decline to answer that question based upon my right afforded to me under and by the U.S. Constitution. I, therefore, invoke the privilege granted to me by the U.S. Constitution through and by the fifth amendment and decline to answer that question.

Senator NUNN. Mr. McKnight, is your fifth amendment right that you are asserting based on the apprehension that your answers may incriminate you?

Is that the constitutional ground on which you are basing your refusal to answer the subcommittee's questions?

Mr. TINERI. Senator, I am going to respond to that.

Rather than permitting him to respond, he has invoked the privilege. I think you can easily imply from that—that that is a concern of his.

Senator NUNN. I will ask the witness, then.

You are standing on the fifth amendment of the Constitution; is that right?

Mr. MCKNIGHT. Dear sir, I respectfully decline to answer that question on the advice of my counsel. I further decline to answer that question based upon my right afforded to me under and by the U.S. Constitution.

I, therefore, invoke the privilege granted to me by the U.S. Constitution through and by the fifth amendment, decline to answer that question.

Senator NUNN. Mr. McKnight, do you know Glenn Turner?

Mr. MCKNIGHT. Dear sir, I respectfully decline to answer that question on the advice of my counsel.

I further decline to answer that question based upon my right afforded to me and under and by the U.S. Constitution.

I, therefore, invoke the privilege granted to me by the U.S. Constitution through and by the fifth amendment and decline to answer that question.

Senator NUNN. Do you know Victor Deluca?

Mr. MCKNIGHT. Dear sir, I respectfully decline to answer that question on the advice of my counsel.

I further decline to answer that question based upon my right afforded to me under and by the U.S. Constitution. I, therefore, invoke the privilege granted to me by the U.S. Constitution through and by the fifth amendment and decline to answer that question.

Senator NUNN. Do you know Joseph Pedulla or Harry Riccobene or Raymond Mortarano?

Mr. MCKNIGHT. My answer is the same at this time.

Senator NUNN. You are standing on your constitutional rights; is that correct?

Mr. MCKNIGHT. That is correct.

Senator NUNN. Mr. McKnight, have you been convicted of a crime?

Mr. MCKNIGHT. Dear sir, I respectfully decline to answer that question on the advice of my counsel. I further decline to answer that question based upon my right afforded to me under and by the U.S. Constitution.

I, therefore, invoke the privilege granted to me by the U.S. Constitution through and by the fifth amendment and decline to answer that question.

Senator NUNN. Mr. McKnight, are you saying to answer the question of whether you have been convicted of a crime, which as a matter of public record, would incriminate you or that jeopardizes your constitutional rights under the fifth amendment?

Mr. TINERI. Senator, if I may, I would like to intervene.

I will speak in behalf of my client in that regard. That particular question asked of course is not even germane to the issue before this subcommittee, which issues regard substances of organized crime.

What I am suggesting to you, sir, is that Mr. McKnight not answer the question of which you already have the answer and that there is no need to get it from my client.

Senator NUNN. I would submit to counsel that we don't have any such rule. You are suggesting the rule of this subcommittee is or should be as I understand it if we already know the answer to a question, we cannot ask it.

Mr. TINERI. I am suggesting that at this time the kind of question that you have asked would impact upon him regarding his right to remain silent since you already know the answer. There is nothing to gain by asking him.

Senator NUNN. That is not the same as standing on the fifth amendment of the Constitution of the United States. That is a totally different reason as I understand it.

Mr. TINERI. We may be at a difference here, but I am suggesting to you that the fact that he may have the record may impact upon him criminally because there are statutes that may very well be utilized to impact upon him if he should answer that question.

Senator NUNN. As I understand from counsel and from the witness, when I asked the question whether he has been convicted of a crime, he is not standing on his constitutional right.

He is refusing to answer on the advice of counsel; is that correct?

Mr. TINERI. What is occurring here is that I have asked to intervene in his behalf. I am suggesting to my client not to answer that question at all rather than the invocation of any particular privilege at this point.

Senator NUNN. In other words, he is not asserting his privilege under the fifth amendment of the Constitution in refusing to answer that question?

Mr. TINERI. I am suggesting to you is that he has been instructed by me not to answer that question and for various reasons that I have just enunciated.

Senator NUNN. I understand, counsel.

I will ask you again, Mr. McKnight.

Have you ever been convicted of a crime?

Mr. MCKNIGHT. Dear sir, I respectfully decline to answer that question on the advice of my counsel. I further decline to answer that question based upon my right afforded to me under and by the U.S. Constitution.

I, therefore, invoke the privilege granted to me by the U.S. Constitution through and by the fifth amendment and decline to answer that question.

Senator NUNN. Mr. Chairman, I would submit to the subcommittee that counsel has made it clear that the witness under his advice is refusing to answer this question not only on the basis of the fifth amendment. On the other hand, the witness is making a statement that he is relying on his fifth amendment. I would submit to the Chair that to answer a question about whether you have been convicted of a previous crime cannot be asserted as a fifth amendment right; that it would be a matter of record and that the witness should be instructed to answer that question.

Chairman ROTH. I agree with the statement of the Senator from Georgia. I would point out to the counsel in the first place that this subcommittee will decide what questions are appropriate. That is not something for the witness or his counsel to attempt to judge. We have full authority to ask questions in these areas and shall continue to do so. I would like to ask, once again, the witness to answer the question propounded by Senator Nunn.

Mr. MCKNIGHT. Dear sir, I respectfully decline to answer that question on the advice of my counsel. I further decline to answer that question based upon my right afforded to me under and by the U.S. Constitution.

I, therefore, invoke the privilege granted to me by the U.S. Constitution through and by the fifth amendment and decline to answer that question.

Chairman ROTH. Mr. McKnight, I am now instructing you to answer this question.

Mr. TINERI. On advice of counsel, he will refuse to answer that question, except by the manner in which he has just answered it.

Senator NUNN. Mr. Chairman, I would just submit we give counsel the right to file an explanation of what the witness is claiming here and how far his constitutional right goes and give his view to the subcommittee in writing as to why the witness refuses to answer the question that under the fifth amendment double jeopardy clause could not possibly incriminate him, and that we take this up at a subsequent subcommittee meeting.

Chairman ROTH. I would so instruct the counsel and I would ask that to be supplied not later than 10 days from today.

Mr. TINERI. Very well, sir.

That will be done.

Chairman ROTH. Senator Cohen?

Senator COHEN. I need some clarification. As I understand it, you indicated to Senator Nunn that if we already know the answer to a question, we cannot ask the question. We should not ask the question; is that right?

Mr. TINERI. No.

I didn't suggest that at all. What I am suggesting is because of the type of question, it has a double impact. No. 1, it may very well cause a difficulty for Mr. McKnight in the sense that he tends to incriminate himself.

Senator COHEN. In what regard? How would it incriminate him?

Mr. TINERI. There are statutes that are presently on the books, if a person is a convicted felon, in the event other crimes have been committed by that individual, the fact that he has a prior criminal record may very well cause additional problems.

Senator COHEN. This is not a court of law.

Mr. TINERI. I understand that.

Senator COHEN. He is not under any indictment.

Mr. TINERI. I understand that. Look around this courtroom. What we have here is members of the Drug Enforcement Agency, members, apparently, of the IRS, members here of the Federal Bureau of Investigation, we have local officials whom I recognized as I walked into the building today.

So I am more concerned about Mr. McKnight, the problem he may have in terms of incrimination. I am suggesting that——

Senator COHEN. I don't understand. To what extent would he be incriminating himself?

Mr. TINERI. Under various Federal statutes as well as local statutes.

Senator COHEN. Senator Nunn asked a question whether or not he had ever been convicted of a crime. I think this subcommittee has a legitimate right to know whether the gentleman that you represent is the same that we might have a record of in terms of a conviction on such and such a date and before such and such a court, period.

We are trying to identify whether it is the same gentleman who has been convicted on a prior occasion.

How would he incriminate himself in your judgment?

Mr. TINERI. Immediately you have answered the question by asking the question. There is a burden placed upon the Government to make that kind of identity, but that kind of identity, at this moment you are asking him to do the job of the Government in that respect; therefore, using his words to incriminate himself, his words to cause the link between what the Government knows about McKnight and this McKnight. So, based on my advice to him, he is not going to utilize any words coming from his mouth to aid the Government in a matter wherein he is a party or appears to be of any local jurisdiction as well as by the Federal Government.

Senator COHEN. That is all, Mr. Chairman.

Chairman ROTH. I see no purpose in proceeding with this line of questioning. I would just say to you, Mr. McKnight, this is a serious investigation, legitimate questions being propounded by the panel. We think it is important that we have cooperation from such people as yourself in an effort to establish what the facts are.

As I said, I expect the response to the instructions to be delivered to this subcommittee within the next 10 days.

Mr. **Tineri**. Sir, I would just indicate for the record that he was a compelled witness here. He was subpenaed to be here. He didn't appear here voluntarily to expose himself before this body. So he is in a different position. We will, of course, in our brief, or in our letter to the members of the subcommittee, address that issue.

Senator **Nunn**. Mr. Chairman, just for clarification, the only issue that I asked counsel to address is the last question. I understand perfectly well his constitutional rights, his fifth amendment claim of self-incrimination on all questions except the question about whether he had been convicted of a crime. I would like counsel to direct attention to that. I make no assertion whatsoever that he doesn't have the right to assert himself under the fifth amendment, only that question relating to previous conviction.

Mr. **Tineri**. Very well, sir. That will be done.

Senator **Cohen**. What is the significance of the ring you are wearing on your left hand, Mr. McKnight?

Mr. **McKnight**. Dear sir, I respectfully decline to answer that question on the advice of counsel. I further decline to answer that question based upon my right afforded to me under and by the U.S. Constitution. I therefore invoke the privilege granted to me by the U.S. Constitution through and by the fifth amendment and decline to answer that question.

Senator **Cohen**. That is all, Mr. Chairman.

Chairman **Roth**. Thank you, Senator Cohen.

The witness is excused.

At this time I call forward Donald Trott.

Mr. Trott, if you will please raise your right hand, do you swear the testimony you will give before this subcommittee to be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. **Trott**. I do.

TESTIMONY OF DONALD TROTT, MEMBER OF A "MOTHER CLUB" OF THE PAGAN MOTORCYCLE CLUB; ACCOMPANIED BY JEFFREY ZUCKER, COUNSEL

Chairman **Roth**. Please be seated.

I would ask at this stage the counsel to identify himself.

Mr. **Zucker**. Yes, Mr. Chairman. My name is Jeffrey Zucker, member of the New Jersey and Florida bars.

Chairman **Roth**. Mr. Trott, I understand you reside in Newport, Del. Is that true?

Mr. **Trott**. That is correct.

Chairman **Roth**. Are you employed? How long have you been so employed and what is your income from this employment?

Senator **Nunn**. I would ask the witness if he would pull the microphone up as close as possible.

Mr. **Trott**. Gentlemen, on the advice of counsel I respectfully wish to exercise my fifth amendment privileges and decline to answer the question on the ground that it might tend to incriminate me.

Chairman **Roth**. Are you a member of the Pagan Motorcycle Club? How long have you been a member?

Mr. **Trott**. Gentlemen, on the advice of my counsel I respectfully wish to exercise my fifth amendment privileges and decline to answer the question on the ground that it might tend to incriminate me.

Chairman ROTH. Mr. Trott, would you give your address in Newport, Del.?

Mr. TROTT. 1640 Windsor Avenue, Pleasant Hill Estates.

Chairman ROTH. Are you a member of the Pagan Motorcycle Club?

Mr. TROTT. Gentlemen, on the advice of counsel I respectfully wish to exercise my fifth amendment privileges and decline to answer the question on the ground that it might tend to incriminate me.

Chairman ROTH. Senator Nunn?

Senator NUNN. Mr. Trott, are you national vice president of the Pagan Motorcycle Club?

Mr. TROTT. Gentlemen, on the advice of counsel I respectfully wish to exercise my fifth amendment privileges and decline to answer the question on the ground that it might tend to incriminate me.

Senator NUNN. Mr. Trott, would you furnish to us the names of the chapters of your motorcycle club, the Pagan Motorcycle Club, the presidents of those chapters?

Mr. TROTT. Gentlemen, on the advice of counsel I respectfully wish to exercise my fifth amendment privileges and decline to answer the question on the ground that it might tend to incriminate me.

Senator NUNN. Mr. Trott, are you also known as Gypsy? Is that a name that you go by?

Mr. TROTT. Gentlemen, on the advice of counsel I respectfully wish to exercise my fifth amendment privileges and decline to answer the question on the ground that it might tend to incriminate me.

Senator NUNN. Mr. Trott, have you ever been charged or convicted—let me strike the word charged and reword the question. Have you ever been convicted of a narcotic-related violation?

Mr. TROTT. Senator Nunn, yes, sir, I have been.

Senator NUNN. Could you give us the date of that conviction and exactly what the crime was?

Mr. TROTT. It was in 1956—I mean 1976, sales of less than an ounce of methamphetamine.

Senator NUNN. What was the sentence?

Mr. TROTT. A year and a day, $15,000 fine, 2 years special drug parole.

Senator NUNN. Did you actually serve in a penitentiary?

Mr. TROTT. Yes, sir, I did.

Senator NUNN. Where was it?

Mr. TROTT. Danbury, Conn.

Senator NUNN. For how long?

Mr. TROTT. Right around 7 months and then they moved me to Allenwood.

Senator NUNN. How long did you serve at Allenwood?

Mr. TROTT. Three more months, sir. I don't recall now.

Senator NUNN. Then were you on probation, placed on probation?

Mr. TROTT. Special drug probation for 2 years.

Senator NUNN. What did that probation consist of? What were the conditions?

Mr. TROTT. I reported every week to the chief Federal parole officer in Wilmington, Del., and whatever he asked me I told him and whatever he wanted to know, I told him.

Senator NUNN. Was your probation extended or was the original term expired?

Mr. TROTT. The original term expired after 2 years.

Senator NUNN. After 2 years?

Mr. TROTT. Yes.

Senator NUNN. Did you ever violate your probation conditions?

Mr. TROTT. Gentlemen, on the advice of counsel I respectfully wish to exercise my fifth amendment privileges and decline to answer the question on the ground that it might tend to incriminate me.

Senator NUNN. Mr. Trott, were you ever charged with violating your probation conditions?

Mr. TROTT. No, sir.

Senator NUNN. Mr. Trott, did you, you said you had a $15,000 fine?

Mr. TROTT. Yes, sir.

Senator NUNN. Did you pay that fine?

Mr. TROTT. Yes, sir.

Senator NUNN. Could you give us the source of your income for paying that fine?

Mr. TROTT. Gentlemen, on the advice of counsel I respectfully wish to exercise my fifth amendment privileges and decline to answer the question on the ground that it might tend to incriminate me.

Senator NUNN. Do you know Robert Marconi?

Mr. TROTT. Gentlemen, on——

Mr. ZUCKER. Excuse me.

Mr. TROTT. Gentlemen, on the advice of counsel I respectfully wish to exercise my fifth amendment privileges and decline to answer the question on the ground that it might tend to incriminate me.

Senator NUNN. Mr. Trott, where did you go to high school?

Mr. TROTT. I never went to high school, Senator.

Senator NUNN. Where were you born?

Mr. TROTT. Baltimore, Md.

Senator NUNN. What size family do you have? Are you married?

Mr. TROTT. You are referring to my——

Senator NUNN. Are you married?

Mr. TROTT. Mother and father? Brothers and sisters?

Senator NUNN. Are you married now?

Mr. TROTT. Yes, I am.

Senator NUNN. What is your, does your wife live at your permanent residence with you now?

Mr. TROTT. We are separated.

Senator NUNN. Do you have children?

Mr. TROTT. By a previous marriage, I have two.

Senator NUNN. How many grade schools did you go to?

Mr. TROTT. Third grade, Senator.

Senator NUNN. Did you drop out of school?

Mr. TROTT. I don't really know what happened back then. It was a long time ago. I don't know what the causes were. I was from a large family.

Senator NUNN. Did you go to work at that stage?

Mr. TROTT. I went to work at 9 years old.

Senator NUNN. What kind of work did you do?

Mr. TROTT. At that time I worked for Reader Copper Paint, in Baltimore, hauling bags.

Senator NUNN. What about other jobs? What did you do after that job?

Mr. TROTT. I worked for a feed mill, I worked for Maryland Shipbuilding & Drydock for many years. Then I went into the service for a few years.

Senator NUNN. What service were you in?

Mr. TROTT. 82d Airborne Division.

Senator NUNN. How long did you serve?

Mr. TROTT. Total of 4 years, something like that.

Senator NUNN. Where were you stationed in the United States or did you serve overseas?

Mr. TROTT. Overseas.

Senator NUNN. Where?

Mr. TROTT. All over the Far East, Senator.

Senator NUNN. Were you engaged in any active fighting or war?

Mr. TROTT. I was in the war areas at times.

Senator NUNN. Were you honorably discharged?

Mr. TROTT. Yes, I am.

Senator NUNN. What is your present occupation?

Mr. TROTT. Gentlemen, on the advice of counsel I respectfully wish to exercise my fifth amendment privileges and decline to answer the question on the ground that it might tend to incriminate me.

Senator NUNN. You have already told us about some of your jobs that you held. At what stage do you draw the line? Could you give us the latest job that you held that would not tend to incriminate you?

Mr. TROTT. I worked for Chrysler Corp. in York, Del. for 10 years and then retired because I got hit in the head when a muffler fell off a car.

Senator NUNN. Because of what?

Mr. TROTT. A muffler fell down from the car and hit me in the head. I was having problems.

Senator NUNN. What year did you retire?

Mr. TROTT. 1974.

Senator NUNN. 1974?

Mr. TROTT. That is right.

Senator NUNN. Were you disabled at that stage?

Mr. TROTT. I was disabled prior to that.

Senator NUNN. Prior to retiring?

Mr. TROTT. Prior to retiring.

Senator NUNN. What was the disability caused by?

Mr. TROTT. Muffler falling down and hitting me in the head, working underneath the cars.

Senator NUNN. Did you draw disability from Chrysler Corp.?

Mr. TROTT. For about 7 months prior to retiring.

Senator NUNN. Did you draw workmen's compensation?

Mr. TROTT. No. I didn't. I am sorry. I am not too well educated. I don't understand all the questions you asked me. So when you say compensation, things like that, I don't really know.

Senator NUNN. I will reword it. That is fair enough. What about your income source after you left Chrysler Corp.? Did you draw disability from Chrysler Corp.?

Mr. TROTT. After I left Chrysler?

Senator NUNN. Yes.

Mr. TROTT. No, sir. I did not.

Senator NUNN. You never drew any disability from them?

Mr. TROTT. No, sir.

Senator NUNN. You were injured on the job, though. Is that right?

Mr. TROTT. Yes, I was.

Senator NUNN. Did you file a disability claim with Chrysler?

Mr. TROTT. No, sir. I didn't.

Senator NUNN. Could you tell us why not?

Mr. TROTT. I don't know why not. I think it is not being very well versed and educated and knowing the ins and outs. Probably if I knew a little more at that time I probably would have filed something and got a pension.

Senator NUNN. You decided not to, did you ever think about——

Mr. TROTT. I just never had any thoughts of it.

Senator NUNN. Did you have any source of income after you left Chrysler?

Mr. TROTT. My wife worked for 10 years after that.

Senator NUNN. Was your wife your main source of income after you left Chrysler?

Mr. TROTT. Gentlemen, on the advice of counsel I respectfully wish to exercise my fifth amendment privileges and decline to answer the question on the grounds that it tend to incriminate me.

Senator NUNN. How much did your wife make, Mr. Trott, after you left Chrysler? What was her approximate monthly earnings?

Mr. TROTT. I don't recall, Senator.

Senator NUNN. Are we talking about $400, $500 a month, a thousand dollars a month?

Mr. TROTT. It was more than $500 a month. She had a good job.

Senator NUNN. What was her occupation?

Mr. TROTT. She worked for Capitol Airlines, worked for ICA America when they opened up their new plant. She was the first employee there.

Senator NUNN. Did you remain at home during this period of time after your injury or did you travel around or what did you do?

Mr. TROTT. Gentlemen, on the advice of counsel I respectfully wish to exercise my fifth amendment privileges and decline to answer the question on the grounds that it might tend to incriminate me.

Senator NUNN. When were you separated from your wife?

Mr. TROTT. About 6 months.

Senator NUNN. Up until that time had she continued to work?

Mr. TROTT. No, Senator. She did not.

Senator NUNN. When did she leave her job?

Mr. TROTT. I just don't recall.

Senator NUNN. Do you remember what year? You mentioned a minute ago after you left Chrysler for 10 years she did work and supported you and you left Chrysler, in what year?

Mr. TROTT. Senator, I didn't say she supported me.

Senator NUNN. Let's say this. Let's back up. What did she do? Did you live with her during that period of time after you left Chrysler?

Mr. TROTT. Yes, I did.

Senator NUNN. What year did you leave Chrysler?

Mr. TROTT. 1974.

Senator NUNN. You mentioned that she worked for 10 years after that; is that right?

Mr. TROTT. She worked for 10 years. I don't know the specific dates she worked. I sincerely don't.

Senator NUNN. She worked for 10 years. You don't know what year she quit working?

Mr. TROTT. No. I don't. We had an on and off relationship. It wasn't very good. Sometimes I was there; sometimes I wasn't.

Senator NUNN. Did she work for several years after you left Chrysler Corp.?

Mr. TROTT. I don't remember, Senator.

Senator NUNN. Do you recall whether she shared with you the checks she brought home every month? Did she put it in a joint checking account?

Mr. TROTT. She didn't share it with me. She paid the bills, took care of things.

Senator NUNN. Did she keep it in her own checking account?

Mr. TROTT. I don't think she has a checking account. I think every penny that came in she used.

Senator NUNN. She used cash?

Mr. TROTT. Yes, in cash.

Senator NUNN. Do you have a checking account at this time?

Mr. TROTT. I cannot even write the check, Senator.

Senator NUNN. Is the answer that you didn't have a checking account?

Mr. ZUCKER. What was the question?

Senator NUNN. Did you have a checking account during that period of time?

Mr. TROTT. Not myself, no.

Senator NUNN. Did she let you have any cash during that period of time?

Mr. TROTT. I don't remember that.

Senator NUNN. When did you pay your $15,000 fine?

Mr. TROTT. It was a few months after I was out of prison.

Senator NUNN. Did your wife help you with that fine?

Mr. TROTT. Gentlemen, on the advice of counsel, I respectfully wish to exercise my fifth amendment privileges and decline to answer the question on the grounds that it might tend to incriminate me.

Senator NUNN. Could you tell us the date that you paid your fine?

Mr. TROTT. I don't remember.

Senator NUNN. It would have been after you were released from the penitentiary; is that right?

Mr. TROTT. Yes, sir.

Senator NUNN. Would have been while you were on probation?

Mr. TROTT. Yes.

Senator NUNN. When were you released from the penitentiary?

Mr. TROTT. 1977. I don't recall the date now.

Senator NUNN. When were you released——

Mr. TROTT. The 17th of May or something. I am not positive.

Senator NUNN. Sometime in 1977.

When was your parole or probation terminated?

Mr. TROTT. Two years after I got out of prison.

Senator NUNN. So the $15,000 fine would have been paid sometime during that time frame?

Mr. TROTT. That is correct.

Senator NUNN. Was your wife working then?

Mr. TROTT. No, Senator. She was not.

Senator NUNN. You are sure of that?

Mr. TROTT. I am not positive. When I was in jail I didn't know whether she was working or not.

Senator NUNN. After you got out of jail?

Mr. TROTT. I don't know, Senator. I don't recall. I would answer if I remembered.

Senator NUNN. Mr. Trott, did you file an income tax return last year?

Mr. TROTT. Gentlemen, on the advice of my counsel, I respectfully wish to exercise the fifth amendment privileges and decline to answer the questions on the ground it might tend to incriminate me.

Senator NUNN. Did you file an income tax return in 1977?

Mr. TROTT. Gentlemen, on the advice of counsel, I respectfully wish to exercise my fifth amendment privileges and decline to answer the question on the grounds it might tend to incriminate me.

Senator NUNN. Did you file an income tax return in 1978?

Mr. TROTT. Gentlemen, on the advice of counsel, I respectfully wish to exercise my fifth amendment privileges and decline to answer the question on the grounds it might tend to incriminate me.

Senator NUNN. Did you file an income tax return in 1979?

Mr. TROTT. Gentlemen, on the advice of counsel, I respectfully wish to exercise my fifth amendment privileges and decline to answer the question on the grounds it might tend to incriminate me.

Senator NUNN. Have you ever filed an income tax return either individually or jointly with your wife?

Mr. TROTT. Yes, sir.

Senator NUNN. Could you tell us when?

Mr. TROTT. 1974 and prior.

Senator NUNN. Before 1974?

Mr. TROTT. Yes, sir.

Senator NUNN. Including 1974?

Mr. TROTT. I am not positive.

Senator NUNN. To the best of your recollection, 1974 and prior? Were they joint returns with your wife?

Did you both sign the return, include both incomes?

Mr. TROTT. I don't honestly remember. But I would think so.

Senator NUNN. Did you file an income tax return in 1975?

Mr. TROTT. Gentlemen, on the advice of counsel, I respectfully wish to exercise my fifth amendment privileges and decline to answer the question on the grounds it might tend to incriminate me.

Senator NUNN. Mr. Chairman, I have no other questions at this point.

Chairman ROTH. Senator Cohen?

Senator COHEN. I am not clear, Mr. Trott, where you indicated you live?

Mr. TROTT. 1640 Windsor Avenue, Pleasant Hill Estates.

Senator COHEN. How long have you lived there?

Mr. TROTT. About 4 years; 5 years.

Senator COHEN. Is that a single residence home?

Mr. TROTT. Yes, sir, it is.

Senator COHEN. Do you own it?

Mr. TROTT. Yes.

Senator COHEN. Is it free and clear or do you have a mortgage?

Mr. TROTT. It is free and clear now.

Senator COHEN. Now. I assume you have had a mortgage on the home and you paid it off?

Mr. TROTT. Not this particular house.

Senator COHEN. Could you clarify that?

Mr. TROTT. If you would like a quick explanation, I can give you one.

Senator COHEN. Please.

Mr. TROTT. 20 years ago I bought a house three blocks from there for $7,000. I sold it for $30,000 10 years later. From there I bought another one down the street for $34,000; I sold it 6 years later for $50,000, and we purchased this other house for $51,000.

Senator COHEN. When you say "we," you and your wife purchased the home jointly?

Mr. TROTT. I was with her then.

Senator COHEN. You used your money to purchase it?

Mr. TROTT. Mine and her money.

Senator COHEN. Her money or yours?

Mr. ZUCKER. Excuse me, Senator. I believe Mr. Trott's testimony was that he sold one home to purchase the next home.

Senator COHEN. I understand that. He sold the next home, purchased the final one. He said, then, we purchased that home?

Mr. ZUCKER. Fine.

Senator COHEN. I am trying to clarify it.

Mr. ZUCKER. No problem.

Mr. TROTT. I was with her.

Senator COHEN. Who paid for the home?

Mr. TROTT. Her and I together.

Senator COHEN. You used the money from the prior home?

Mr. TROTT. That is correct.

Senator COHEN. Those were jointly owned?

Mr. TROTT. Yes.

Senator COHEN. Did you have a mortgage on the home that you bought?

Mr. TROTT. No, we don't.

Senator COHEN. Never any mortgage on it?

Mr. TROTT. No.

Senator COHEN. You indicated to Senator Nunn that you don't keep a checking account; correct?

Mr. TROTT. No, I don't.

Senator COHEN. You said you can't sign checks?

Mr. TROTT. I can sign my name. I can't make out checks. I don't have the education to do that.

Senator COHEN. You don't have the education to make out a check?

Mr. TROTT. No, I don't.

Senator COHEN. You spent 3 years in the 82d Airborne, stationed overseas?

Mr. TROTT. It doesn't mean anything, Senator.

Senator COHEN. Did you have to read instructions?

Mr. TROTT. I never wrote a letter in 3 years.

Senator COHEN. Were you able to read instructions in the military?

Mr. TROTT. While I was in there. I went in Okinawa, sent me to the University of Maryland, which was an elementary school. At that time I learned to read a little bit. I have never learned to write.

Senator COHEN. You cannot write anything beyond your own name?

Mr. TROTT. I try but nobody can understand it to be honest.

Senator COHEN. Doctors have the same problem.

You can write, I assume, beyond your own name, even though you have not had any formal education beyond third grade.

Mr. TROTT. This is embarrassing, Senator.

Senator COHEN. When you filed your income tax returns, did you understand what you were filing?

Mr. TROTT. Gentlemen, on the advice of counsel, I respectfully wish to exercise my fifth amendment privileges and decline to answer the question on the ground it might tend to incriminate me.

Senator COHEN. When you filed your income tax returns, did you have the advice of counsel or accountant or somebody to explain it to you?

Mr. TROTT. Gentlemen, on the advice of counsel, I respectfully wish to exercise my fifth amendment privileges and decline to answer the question on the grounds it might tend to incriminate me.

Senator COHEN. Since 1977, have you had any source of income?

Mr. TROTT. Gentlemen, on the advice of counsel, I respectfully wish to exercise my fifth amendment privileges and decline to answer the quesiton on the grounds that it might tend to incriminate me.

Senator COHEN. That is all I have, Mr. Chairman.

Senator NUNN. Just one or two more questions, Mr. Chairman. Then I will be through.

Mr. Trott, when you were first arrested, what was the date of that? By that, I mean the year?

Could you tell us the arrest for which you were convicted?

Mr. TROTT. I don't recall the dates.

Senator NUNN. It would have been before 1976. You were convicted in 1976; is that right?

[At this point, Senator Cohen withdrew from the hearing room.]

Mr. TROTT. Yes, sir.

Senator NUNN. Tell me again the charge? What was the charge?

Mr. TROTT. It was for less than an ounce of methylmethane.

Senator NUNN. Possession? Charged with possession or selling; do you know?

Mr. TROTT. I don't remember.

Senator NUNN. Was there a bond set or did you stay in jail?

Mr. TROTT. I was released on my own OR.

Senator NUNN. Your own OR?

Mr. TROTT. On recognizance.

Senator NUNN. No money, probation, or bail?

Mr. TROTT. No, sir.

Senator NUNN. Thank you, very much.

Chairman ROTH. Thank you, Senator Nunn.

I would just observe that while we are pleased that you answered some of the questions, I continue to be concerned that you really did not respond to those questions of particular interest to this subcommittee.

It is our intent to continue this investigation until we get the facts with respect to the Pagan Motorcycle Club and its role or relationship, if any, to organized crime.

At this time, you are dismissed.

Mr. ZUCKER. Thank you, Mr. Chairman.

Chairman ROTH. Our next witness will be a panel from the Pennsylvania Crime Commission, made up of Malcom L. Lazin, Wallace P. Hay, and Gino L. Lazzari.

Gentlemen, if you will please raise your right hand, do you swear the testimony you will give before this subcommittee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. LAZIN. I do.

Mr. HAY. I do.

Mr. LAZZARI. I do.

Chairman ROTH. Please be seated and I would appreciate it if each of you would introduce yourself and give your current position.

TESTIMONY OF MALCOLM L. LAZIN, CHAIRMAN; WALLACE P. HAY, EXECUTIVE DIRECTOR; AND GINO L. LAZZARI, INSPECTOR FOR FIELD OPERATIONS, PENNSYLVANIA CRIME COMMISSION

Mr. LAZIN. My name is Malcom Lazin, Senator Roth, and I am chairman of the Pennsylvania Crime Commission which is charged with the responsibility of investigating organized crime in Pennsylvania. I am accompanied to my right and your left by Wallace P. Hay, executive director of the Pennsylvania Crime Commission, former director of the Division of Alcohol, Tobacco and Fire Arms for the Commonwealth of Pennsylvania and Gino L. Lazzari, inspector for field operations for the commission, retired special agent of the Federal Bureau of Investigation who specialized in organized crime in Pennsylvania.

On behalf of the Pennsylvania Crime Commission, we have prepared a lengthy and rather detailed statement which I would like to have printed as if read in the hearing record.[1]

Chairman ROTH. It is so ordered.

Mr. LAZIN. The bottom line of what we will testify to today is that the public is badly misled if we allow them to believe that organized crime is run by a kindly Don Corleone. The truth is that organized crime is controlled by Darth Vaders who are intent on subverting our society.

The Pennsylvania Crime Commission has identified three traditional organized crime families headquartered within the Commonwealth of Pennsylvania. This identification is based upon our own investigations, public records, and reliable law enforcement intelligence data. These three La Cosa Nostra families are: First, the Russell Bufalino family of the Scranton-Pittston, Penn. area; second, the Sebastian John LaRocca family of Pittsburgh; and third, the Angelo Bruno family of Philadelphia.

Two of these families are embroiled in bitter warfare; the Bruno, now called the Scarfo family, whose warfare is of an internecine fashion, and the LaRocca family, which is fighting the severely weakened Cleveland family for Youngstown and other portions of eastern Ohio.

We have prepared for the Senate three charts which describe the organizations and lists the known membership of all three families.

The first chart to my immediate right is a chart which details the 50 made members of the Philadelphia southeastern Pennsylvania family which is now headed by Nicodemo Dominio Scarfo.

Turning to the status of the old Bruno family, we must direct your attention to the recent and rather sanguine history of that organization.

From 1959 until he was murdered in 1980, Angelo Bruno led the Philadelphia family of La Cosa Nostra with a gentle but firm hand. There were no known murders of La Cosa Nostra members in the Philadelphia family during the Bruno reign. He was known as the gentle Don.

Under Bruno, very few new members were inducted into the family, which caused it to become a group consisting of older men.

By not admitting new members, Bruno and the other leaders maintained complete control, and most of the family's illicit profits. This caused disenchantment among younger members and prospective members.

Younger members of the family felt that Bruno and the others did little or no work and took no risks, but demanded a large share of the profits earned by the younger men.

The younger members also were upset with Bruno because he allowed members of the New York Gambino family to set up businesses in Philadelphia territory, particularly in Camden and in Atlantic City, N.J.

FBI electronic surveillance first revealed, in detail, the great extent of dissatisfaction that existed in that crime syndicate. In one conversation in 1976, Philip Testa, who was at that point underboss and who coincidentally succeeded Bruno after his demise and Nicky Scarfo complained bitterly about the leadership of Bruno and the aging consiglieri, Joseph Rugnetta. Testa and Scarfo thought Bruno and the other old men should step down and let younger members take over. Other tapes described the growing desire of the various factions to arm themselves for the upcoming battle.

---

[1] See p. 315 for the prepared statement of Malcom L. Lazin.

The era of the gentle Don came to a violent end on the night of March 21, 1980, when Angelo Bruno was murdered by a shotgun blast at close range. It was the first of 17 gangland killings that occurred over the next 3 years.

We have prepared a chart listing some of these murders in chronological order for your convenience. I will direct your attention to it at this time.

You can see in the upper lefthand corner of the chart Angelo Bruno, Antonio Caponigro, John McCullough, and Philip Testa and a picture of Alfred Salerno, John Simone, Frank Sindone, Frank Narducci, John Calabrese, Harry Peetros, and Steve Bouras.

On April 17, 1980, the mutilated bodies of Antonio Rocco Caponigro and his brother-in-law, Alfred Salerno, were found in the Bronx. Caponigro had been a leader in the Bruno family and is suspected of having been involved in the murder of Bruno. Their deaths are felt to have been in retaliation for the killing of Bruno.

On September 19, 1980, the body of John J. Simone was found in a dump on Staten Island. Simone was a captain in the Bruno family and was the cousin of Angelo Bruno. It is believed he was killed because he was too close to Bruno and may have tried to avenge Bruno's death.

On October 30, 1980, the body of Frank G. Sindone was found in two plastic garbage bags in South Philadelphia. He had been a member of the Bruno family and had expressed his desire, overheard FBI wiretap conversations, that he had wanted to retire.

On December 16, 1980, John J. McCullough, president of Local 30 of the Roofers Union in Philadelphia, was murdered in his home. McCullough was a close associate of Angelo Bruno and was a powerful influence in Philadelphia labor cirlces. Willard E. Moran was convicted of the murder and sentenced to death. He has now begun to cooperate with authorities, telling them that he was hired to kill McCullough by Ignazio Raymond. Anthony Martorano also known as Long John, a La Cosa Nostra member, and by Albert Daidone, vice president of local 54 of the Hotel Workers Union in Atlantic City, N.J.

I might point out to the Senators that local 54 represents over 10,000 casino workers in Atlantic City.

On March 15, 1981, Angelo Bruno's successor as boss, Philip Charles Testa, was killed when a bomb exploded on the porch of his home.

On May 25, 1981, the body of Harry Peetros was found in the trunk of his car in East Lansdowne, Pa. Peetros was a loanshark, who had ties with the Bruno family.

On May 27, 1981, Chelsais "Steve" Bouras was shot and killed in a South Phildelphia cafe. Also killed was his companion, Jeanette Curro. Bouras had ties to the Bruno family.

On October 6, 1981, John J. Calabrese was shot and killed on the street after leaving Cous' Little Italy, the same restaurant where Angelo Bruno had dined before his murder. Calabrese was a well-known organized crime figure.

On January 7, 1982, Frank Thomas Narducci, a former capo in the Bruno family, was murdered outside his home.

On January 15, 1982, the body of Pietro Inzerillo was found in the trunk of an automobile in Mount. Laurel, N.J. Inzerillo was an associate of the Gambino family.

On February 4, 1982, Vincent Panetta was found murdered in his apartment in suburban Philadelphia. His girlfriend's body lay beside him. Panetta was a loanshark who worked for the Bruno family.

On February 25, 1982, the body of Dominick DeVito was found in the trunk of a friend's car in Philadelphia. DeVito was believed to have been an informant on family members' activities for Angelo Bruno.

On March 15, 1982, the body of Rocco Marinucci was found in trash bags in a South Philadelphia parking lot. Marinucci, who was chauffeur for Bruno family captain Peter Casella, is believed to have built the bomb that killed Philip Testa.

Marinucci's body was found with seven large firecrackers stuffed in his throat and mouth.

The most recent murder was recorded on January 27, 1983, when the body of Robert Hornickel was found in the trunk of his car in Philadelphia. Hornickel had business dealings with members of the Gambino family and was allegedly involved in drug trafficking in the Philadelphia area.

Of the above nine La Cosa Nostra member murders the only one solved was that of Philip Testa. Of the other killings; only John McCullough's, Harry Peetros and Steve Bouras' murders were brought to justice.

Several attempted killings have also occurred. On June 8, 1982, Harry Riccobene, a Bruno family member, was shot and seriously wounded in a phone booth near his home. Riccobene wrestled with the assailant, but allegedly could not identify him to the police.

On July 31, 1982, Salvatore Testa, the son of murdered family boss Philip Testa, and by the way, his father made him a member during his reign—was shot and seriously wounded in Philadelphia.

Victor Deluca and Joseph Pedulla, close associates of Harry Riccobene, shot the younger Testa in front of a Philadelphia policeman, who pursued the assailants. After a 5-mile, 90-mile-an-hour car chase, the police apprehended DeLuca and Pedulla. They were convicted of the shooting, even though Salvatore Testa, who received numerous wounds and who was in critical condition for a substantial period of time, did not testify.

Another attempt was made on Harry Riccobene's life. On August 21, 1982, a man in a jogging suit ran up to Riccobene's car on a South Philadelphia street and shot several rounds at close range at his head.

Riccobene was not hit. Once again, Riccobene could not or would not help police identify his assailant.

It would be an error to assume that the Philadelphia La Cosa Nostra family has destroyed itself in a wanton internecine bloodbath. These murders were planned and for a purpose. When a La Cosa Nostra member is murdered, he is murdered at the direct authority of his family.

Philip Testa, as Bruno's successor, opened up the family and allowed younger members in. After his death, Nicodemo Dominic—Nicky—Scarfo took over. He appointed a relative Salvatore Merlino, underboss. His uncle, Nicholas Piccolo, became consiglieri.

Other persons believed to exert powerful influence in the Bruno/Scarfo family are Joseph Ciancaglini, Ralph Napoli, Joseph Lanciano, Peter Casella and Harry Riccobene. Under Bruno, there were about 43 members. Under Scarfo there are about 53. Due to the turmoil, we believe there are probably many more which we are unable to definitively identify at this time.

Since the murder of Angelo Bruno, the family has become stronger, larger, and more violent. Under Bruno, the family kept a low profile. Under Scarfo, the organization has added younger members and maintains a much higher profile.

Older members have little or no say in what goes on or must protect themselves from potential assault by younger members as Harry Riccobene was forced to do.

I now would ask that the chart on the Bufalino family be put up.

Russell Bufalino claims to have been born in 1903 in Pittston, Pa., but authorities believe he was born in Sicily. Since the early 1950's, the Immigration and Naturalization Service has tried but failed to deport him.

Serving a 10-year sentence at Leavenworth prison for conspiring to violate the civil rights of, and improperly influence, a government witness, Bufalino still manages the affairs of his La Cosa Nostra family. Bufalino and his underboss, Edward Sciandra, are able to maintain control because of a firm power base, built upon many years of stability. Sciandra, who is 70 years old, was released from prison in December 1982.

Russell Bufalino, we believe, serves on the commission which controls organized crime and we believe he is one of its powerful voices.

However, if Bufalino does not obtain an early release from prison, it is likely that a new leader for the family will be selected. Nevertheless, due to the strong hierarchy presently in place, a violent succession is not anticipated.

The territory covered by the Bufalino family includes all of northeast Pennsylvania, with a power base which extends into the southeastern part of the State of New York, including Utica, Binghamton, Syracuse, and Albany; north New Jersey and New York City.

In addition, the Bufalino family has business interests in southern Florida and Ontario, Canada, through association with La Cosa Nostra Boss John Todaro.

I would now ask that the LaRocca family chart be put up.

To understand the activities of the Sebastian John LaRocca family, it is useful to consider its territory. The boundaries of the LaRocca family includes all of western Pennsylvania; with influence in the southwest part of New York State; West Virginia; and the eastern part of Ohio. This latter portion of Ohio has always been a bone of contention with the John Scalish/James Licavoli crime family of Cleveland. However, the Cleveland family has recently gone through its own internal war which pitted James T. Licavoli, the boss of the family, against an Irish/Italian faction, formerly headed by Daniel Greene and John Nardi.

This internecine battle, with its resultant casualties, coupled with the successful prosecution and conviction of Licavoli and six of his chief lieutenants, has severely weakened the Cleveland family.

With the Cleveland family preoccupied with internal problems, the LaRocca organization appears to have extended its influence into Ohio. This has resulted in a conflict with the Licavoli loyalists in and around Youngstown and the resultant murder of at least 10 individuals since 1978. Dead are Charles Grishham, James Cononico, Robert Furey, Jack Tobin, John Magda, Robert DeCerbo, Dominic Senzarino, and Joseph DeRose, Sr. Missing and presumed dead are Joseph DeRose, Jr. and Charles Carabbia.

As time continues and the Licavoli family members begin serving their lengthy prison sentences, we expect to see increased instability in northeastern Ohio. We can also anticipate further inroads by the LaRocca family as it attempts to fill that criminal vacuum.

The three La Cosa Nostra families in Pennsylvania have frequent contact between themselves and with other La Cosa Nostra familes throughout the Nation. This contract is evident in Atlantic City which has been declared an open city in the same fashion as Las Vegas and Miami. Previously, the Philadelphia family controlled all of the southern New Jersey territory from Trenton through and including Atlantic City.

Members of the Bufalino and Scarfo families are in frequent contacts in Atlantic City with representatives of the Gambino, Genovese, Bonnano, Colombo, and Luchese families of New York. The LaRocca family also maintains these contacts, but on a lesser scale.

The Bufalino family and the LaRocca family have frequent contacts with members of the Magaddino family of Buffalo and the Licavoli family of Cleveland. All three Pennsylvania La Cosa Nostra families have connections with Mafia representatives in California.

Bufalino, for example, maintains ties with Los Angeles family members through their underboss, Michael Rizzatello.

The three Pennsylvania families have connections in Canada through Joseph Todaro and through the Cotroni organization in Montreal.

An example of how the Canadian contacts are utilized is seen in the case of Ignazio Raymond Anthony Martorano, also known as Long John a member of the Philadelphia La Cosa Nostra family, who is serving a 10-year prison sentence for masterminding the importation of more than $500 million in the chemical P2P, which is used to manufacture methamphetamine. Authorities established that Martorano was assisted by La Cosa Nostra members in pursuit of illicit profits and power.

Last November organized crime figure Anthony DiPasquale also known as Mad Dog, and six other men were convicted of extortion and collection of unlawful debts by extortionate means.

Michael Cosmo, a drug dealer, was not paying his debt and was severely beaten. Another victim was lured into an automobile repair shop where he was beaten savagely with crowbars and whiskey bottles. He was hung nude by his feet from and engine hoist and beaten like a punching bag. The debt was paid by a relative.

Organized crime figures do not hesitate to engage in bribery to protect their illegal activities. In 1979 and 1980, two Philadelphia policemen posed as crooked police officers in south Philadelphia where La Cosa Nostra member Frank Narducci ran a large gambling operation. The officers began accepting bribes from Narducci, money they turned over immediately to the FBI.

They also wore body tape recorders. Evidence gathered in this case led to the arrest and conviction of Narducci and Charles Anthony Rosano on gambling and bribery charges. Narducci was murdered before he could be sentenced.

Gambling and loansharking rank as one of the primary moneymakers for organized crime. The legalization of some forms of gambling has done little to diminish the profits of the illegal gaming activities. Even though narcotics can bring greater profits, gambling and loansharking supply the mob with a steady and relatively safe flow of profits.

Gambling and loansharking go hand in hand. Where you have one you are likely to find the other.

The sale of narcotics by La Cosa Nostra families and their accomplices is also a lucrative business and ranks closely behind gambling and loansharking. For example, on January 13, 1982, 38 organized crime figures from the east coast were indicted in Philadelphia on drug charges. The principal subjects in one indictment were Ignazio Raymond Anthony Martorano, a member of the Bruno family; Frank J. Vadino, vice president of Local 54 of the Hotel Workers Union in Atlantic City—that is the same union that controls the 10,000 casino employees—John Carlyle Berkery, a longtime La Cosa Nostra accomplice.

Martorano and his associates were found to have imported more than $500 million of the chemical P2P.

In 1978, Ralph Natale, a La Cosa Nostra member and former vice president of local 54 of the Hotel Workers Union in Atlantic City, was convicted in an arson for profit scheme and sentenced to 12 years in prison. While on bail, he was arrested in Miami and charged with the importation and sale of cocaine and other drugs. He received an additional prison term of 15 years.

The Warlocks and Pagans, outlaw motorcycle gangs, and the Black Mafia are also engaged in illicit drug trafficking. The Pagan motorcyle gang's narcotics dealings have been, in part, financed by Harry Riccobene, a Bruno/Scarfo family member. Riccobene has dealt with James DeGregorio of Philadelphia, a Pagan gang member. The Black Mafia have a substantial involvement in heroin trafficking in Philadelphia. The current leadership of the Black Mafia—Lonnie Dawson, William Roy Hoskins, and Robert Hardwick—were recently sentenced by Federal Judge Louis C. Bechtel to long prison terms for heroin trafficking and the attempted murder of a Government informant.

La Cosa Nostra members have always tended to move into legitimate businesses that generate cash. This gives them the opportunity to launder their money earned illicitly. Desired businesses include vending machines, construction, bars and restaurants and pizza parlors.

Angelo Bruno for many years listed his profession as being a salesman for John's Vending & Wholesale Co., a La Cosa Nostra-controlled enterprise that became the largest vending business in the southeast Pennsylvania/New Jersey area. Many of the LaRocca family members own and operate vending machine businesses.

The Gambino, Bonnano, and Colombo La Cosa Nostra families of New York owned or sold equipment to many organized crime controlled pizza parlors in Pennsylvania.

These enterprises also employed illegal aliens from Sicily, laundered money for the La Cosa Nostra families and served as drop points for illegal goods such as drugs, and stolen merchandise.

Since the mid-1950's, Cous' Little Italy, formerly Piccolo's 500 Restaurant, was owned by La Cosa Nostra members.

In 1980 and 1981, Cous' Little Italy Restaurant deposited more cash in its bank than it actually earned.

By the way, that is also the same restaurant that two people had their "famous last supper." (Bruno-Calabrese.)

Dominick DeVito, a member of the Philadelphia La Cosa Nostra, had been shown to be the hidden owner of a bar known as Pushcart. DeVito obtained a loan from Frank Sindone, a La Cosa Nostra loanshark, to buy and decorate the establishment. From there we could go on to describe similar situations in both northeastern Pennsylvania as well as in Pittsburgh.

Among the emerging organized crime gangs I have already mentioned, the Warlocks and the Pagan outlaw motorcycle gangs which operate in eastern Pennsylvania. The Warlocks remain largely in this region. The Pagans are part of a national organization which has chapters elsewhere in the Nation.

Each motorcycle gang has a structure and membership subjected to strict discipline.

The Pagan gang is the largest and most visible in the Philadelphia area. Some of its leaders are James DeGregorio, Charles McKnight, John M. Kachbalian, Eddy Condon, Anthony Megnenie, Ronald Cimarose, and Glenn Turner.

The outlaw motorcycle gangs are becoming more of a threat to society. They are well organized and efficient. In recent years, investigation has determined that members of the Pagan gang have been used as enforcers and drug runners by members of the Bruno La Cosa Nostra family.

Motorcycle gangs are basically a vicious group whose members have no conscience or respect for any person or property other than their own fellow bikers.

Outlaw biker gangs have long been active in the manufacture and distribution of methamphetamine.

During his Rico trial last year in Philadelphia, La Cosa Nostra member Harry Riccobene, and his half brother, Mario Riccobene, used two members of the Pagan motorcycle gang as guards each day in the Federal courthouse.

In April of 1982, a meeting was held at Cous' Little Italy Restaurant in Philadelphia between Raymond Martorano, Harry Riccobene, James DeGregorio, and other Pagans.

Since the early 1970's, the Black Mafia in Philadelphia—an organization of black Americans—has been a violent force that had little structure or discipline. The group is becoming more and more schooled in how to operate an organized crime group. The Black Mafia imports and distributes heroin in Philadelphia and extorts money from numbers writers and other criminals in black neighborhoods.

The Pennsylvania Crime Commission has received limited information on a new organization known as Russian Emigres. Intelligence is currently being gathered by the U.S. Customs Service, the Philadelphia Police Department, FBI, and MAGLOCLEN, which is an acronym for Mid-Atlantic Great Lakes Organized Crime Law Enforcement Network. This illegal organization is composed of small bands of Russian immigrants who are serving as the accomplices for American criminals in major burglaries and thefts and in fencing activities involving stolen jewels and other merchandise.

This group has been seen mainly in large metropolitan areas on the east and west coasts.

It is expected that, in the near future, the Legislature of Pennsylvania will consider authorizing some form of legal casino gambling in the Pocono Mountain area, and in fact yesterday when we testified before a committee of the Pennsylvania Legislature, that the Legislature in Pennsylvania will consider authorizing some form of legal casino gambling in the Poconos.

This could be limited to slot machines in the early stages and perhaps later to casino gambling. Several casinos have bought hotels and land in the Poconos and are ready to begin gambling operations.

If gambling comes to the Poconos, this resort area will be faced with problems similar to those faced by Atlantic City since 1966. The same La Cosa Nostra families active in Atlantic City casinos have bought or will buy hotels and land in the Poconos and be ready to begin gambling operations.

The same La Cosa Nostra families active in Atlantic City will converge on the Poconos. The Bufalino family will probably be the prime mover in that regard. The Pennsylvania Crime Commission expects a great influx of La Cosa Nostra members from New York and New Jersey into Pennsylvania. Hopefully, Pennsylvania law enforcement will be prepared to handle this onslaught of organized criminals if and when it comes.

That concludes my oral presentation, Mr. Chairman. We would be happy to answer any questions you may have at this time.

Chairman ROTH. Thank you. You have certainly provided the subcommittee with a very comprehensive detailed description of the principal La Cosa Nostra families in Pennsylvania and Atlantic City. I guess my question at this stage is where does this put us today after evaluating all the data and information?

Do you see organized crime as more of a promise or a threat and problem today?

Can we expect them to become even more active in this region than before?

What do you anticipate?

Mr. LAZIN. The answer to that question is a clear yes, Senator. As we take a look at three families that exist in Pennsylvania whose influence obviously extends beyond the commonwealth we anticipate that their activities will be more extensive, that they will, in fact, get into new areas of activity. Last year the Pennsylvania Crime Commission, in a written report, detailed the involvement of traditional organized crime into health and welfare funds. That means, of course they are now beyond the pension funds.

We see them going into new forms of legitimate businesses, what appear to be legitimate business activities. As we look at the situation, the Philadelphia family, which is now comprised of younger, more violence prone people. Taking a look at the situation in northeastern Pennsylvania where ultimately there will be a change in leadership and looking at the very potential volatile situation in western Pennsylvania, particularly as it relates to the Youngstown, Ohio area.

We certainly anticipate that there will be more of the same in the coming years.

Chairman **Roth**. One of the things that bothers me is that in all of these hearings and testimony we have evidenced that the principal actors in the organized crime families may change from time to time and they change because of success on the part of our law enforcement officials or they may change because of gang war. But the fact of the matter, what seems to me particularly troublesome is that the criminal organizations themselves are not only continuing but they seem to flourish. Which is this?

Are our laws adequate?

Do we need new legislation?

Are our enforcement procedures proper?

Is it possible for you as a Pennsylvania organization to work effectively when these organized crimes spread beyond one State where they operate in the region?

What do we need to do to more effectively attack these organized criminal families?

Mr. **Lazin**. Senator, that certainly is the $64 million question.

But let me at least, from my perspective as a former assistant U.S. attorney and chairman of the Pennsylvania Crime Commission, give you some of my thoughts on it.

I think we are making progress. Obviously where there is a great deal of money and power and perhaps even prestige within certain segments of our society for people who become involved in organized crime, it will be virtually impossible for us ever to do away with organized crime in our society. The best we can do, of course, is contain it.

I think that we are starting to do a better job of containment although I think we can improve upon our efforts. I think we are doing a better job of containment because there is now more cooperation between law enforcement authorities. For example, Pennsylvania cannot possibly hope to have an effective campaign against organized crime unless we look at the geographic realities. The geographic realities are that when you look at organized crime you have to have cooperation from New York authorities, New Jersey authorities, and Delaware authorities. The Senator asked about Delaware and certainly there are many examples of organized crime involvement between the Bufalino family, and the Bruno family and events in major cities in Delaware including Wilmington.

What we must do is to promote such things as the regional information sharing system. In our area it is MAGLOCLEN in which there is a sharing of information. We must encourage Federal, State, and local authorities to continue cooperation. We must direct our priorities in that regard.

I would say to you that it is only more recently that organized crime has become a greater priority in terms of law enforcement. I think also that what we have got to do is we have got to get IRS into the battle. We have got to take a look at traditional experience. The experience that dates back to our early days of waging the campaign against organized crime. Unless we have a greater access and cooperation with Internal Revenue Service, it makes the onslaught all the more difficult.

Senator NUNN. Mr. Lazin, on that question, may I interrupt you just one moment. This subcommittee has been trying for about 5 years to do exactly that, to get the IRS more involved. We understand in the last 2 years, 2½ years they have really begun to get more involved. We finally passed a law after 4 or 5 years of efforts, last year that eased up on some of the Tax Reform Act amendments that had their hands tied.

We understand they have also changed internal procedures. Have you been able to see any results of these changes if there are indeed changes taking place?

Mr. LAZIN. We do not see the results but we do deal with the IRS. We have some problems in Pennsylvania with our Department of Revenue and in fact, have submitted proposed legislation to remedy that.

Where you are involved in a sophisticated paper chase, whereas today where you had your last witness, Senators have appropriately asked him about his income tax returns, or perhaps a very interesting net worth could be done on a gentleman such as that. IRS obviously could be very effective, not only in terms of potential criminal offenses.

We do not care what offense it is that we find them committing. We just want to do our very best in terms of removing them from our society and setting them up as examples.

Chairman ROTH. Let me go back to my question.

Mr. LAZIN. If I might, Senator, I do not mean to be rude, we are presently part of the Federal funded project which is a seven State investigation into organized crime in the coal industry.

We have referred to IRS audit investigations over $200 million worth of questionable tax writeoffs. I do not know what IRS is doing with them. I hope they are very actively engaged in it. Certainly if they are actively engaged in it, they can more than pay for quite a Federal effort in terms of onslaught on organized crime.

Chairman ROTH. Let me go back to my earlier question because it seems to me in a sense, your first answer might have been inconsistent with what you said later.

As I understand your testimony, we faced the possibility of increased activity on the part of the organized crime. We face newer problems brought about by outlaw motorcycle groups. So it seems to me that taking your standard containment and I must say history certainly substantiates what you say, but the fact is that it appears that the problem is becoming even more serious or less contained than it has in the past.

What bothers me is that we put in tremendous efforts, for example, trying to get the chief figures through Internal Revenue or otherwise, but organized crime itself, now including these unlawful motorcycle gangs, seems to be flourishing and growing in strength. Not only within their areas of illegitimacy, but attempting to take over in legitimate areas. Is there any way of attacking the basic criminal organization itself?

The fact is that we all love pizza. But the fact is, according to your testimony, pizza shops are being utilized rather substantially, I gather, in Pennsylvania for laundering illegally gained money. How broad is that practice?

Mr. LAZIN. We think it is quite broad. In 1980 we put out a substantial report entitled "A Decade of Organized Crime." In that we have a section which details some of the pizza parlor activities involving traditional organized crime. We in addition in early 1980 put out a special report on the pizza and cheese industry, in which we quite carefully detailed our findings. Those findings I believe were reported on the front page of the New York Times the Sunday edition perhaps 6 months thereafter.

Chairman ROTH. Is organized crime taking over legitimate small businesses? I notice in your testimony you did mention they are starting a number. Or is that their primary method of operating? Starting new shops? Or a combination?

Mr. LAZIN. Primarily what they are doing is they are starting their own shops for a wide variety of purposes. What we were able to detail was arson, skimming operations, places to place Italian aliens. It just really ran right across the board. But primarily it was not forcing someone out of business by intimidation because it is relatively simple to set up one of these operations.

Chairman ROTH. We have had some testimony in other hearings that the distribution and sale of drugs is only partly dependent upon organized crime. Much of it is imported into the country and distributed through other means. To what extent would you say in your area of responsibility, does the marketing of illegal drugs depend on organized crime and motorcycle gangs?

Mr. LAZIN. I would say that in terms of the heroin trafficking; very much dominated by organized crime. In terms of metamphetamines, there is a sharing relationship that exists in the Philadelphia area between traditional organized crime and the Pagan motorcycle gangs. I think that we have been able to detail that relationship. We believe the traditional organized crime has helped to finance some of that activity and that even though they are not exactly what you would call loving partners, nonetheless they are partners in crime.

Particularly the relationship which exists between Harry Riccobene and James D. DeGregorio, I think is indicative of that. I won't say, however, that all drug trafficking is controlled by organized crime. It certainly, in order to come in on a large scale and to be distributed in a large scale, must have an organized mechanism to it, not necessarily the traditional organized crime in some areas.

Chairman ROTH. But there is a fairly substantial flow outside of organized crime and the unlawful motorcycle gangs in Pennsylvania?

Mr. LAZIN. Yes.

Chairman ROTH. Senator Nunn?

Senator NUNN. Thank you, Mr. Chairman.

I want to express my appreciation to your commission and to each of you for being here today and for your splendid cooperation with our subcommittee and our investigation. I just have a few questions. We have a very thorough statement. Mr. Chairman, I would ask unanimous consent that we put the entire statement in the record. I believe we did get a shortened version. I have read that lengthy version. I appreciate it.

Chairman ROTH. Without objection.

Senator NUNN. In terms of perspective we have concentrated to some degree for the first time in these hearings on so-called outlaw motorcycle gangs. Let's say if organized criminal activity were put on a scale of 1 to 10, where would you put the traditional organized crime, La Cosa Nostra, whatever you would want to term it, on a scale of 1 to 10?

Mr. LAZIN. Ten being the——

Senator NUNN. Ten being the most intense activity?

Mr. LAZIN. Being sort of the Bo Derek of organized crime. I would certainly have to put them on the top. I think that traditional organized crime still plays the dominant control in terms of significant organized criminal activity in this country.

Senator NUNN. In your area is that also true?

Mr. LAZIN. Yes. We have 3 of the roughly 25 organized crime families in Pennsylvania.

Senator NUNN. If you placed the same scale, the same criteria and measured the activity of let's say the motorcycle gangs in general, the outlaw motorcycle gangs, where would you place them on a scale of 1 to 10, having placed La Cosa Nostra at No. 10?

Mr. LAZIN. I would have to say, Senator, that I would put them probably in a position of five but rising. We see that their influence is growing. It is difficult in terms of what your criteria is. If your criteria is violence and a means to achieve their ends, you have to put them pretty close to the top. If you are talking about their overall significance then you would put them a little further down the scale.

The fact of the matter is because of the difficulty of infiltrating them and their means and the financial base that they have been able to achieve, the threat is an increasing threat. I have a feeling if I were asked the same question a year from now my answer probably would be different.

Senator NUNN. So they are going up. You would place them at the top of the scale in terms of violence but in terms of the overall monetary type approach you would place them about half on the scale where you placed traditional organized crime?

Mr. LAZIN. Right, by comparing the totality of their activities to the totality of organized crime, trying to rate that out.

Senator NUNN. Mr. Hay, do you want to make a comment on that?

Mr. HAY. The traditional organized crime is far more widespread and entrenched if you will and more established in its way whereas the newer groups come on with violence, sometimes violence for violence's sake. As you suggested traditional organized crime and the interrelationship with outlaw motorcycle gangs is an uneasy truce because there are times that the outlaw motorcycle gangs have indicated that they will not listen to any of the staid, traditional organized crime directives. They will assert violence on the spot regardless of the traditional status with the person with whom they are dealing.

This has occurred a couple of times. There is no such thing telling the motorcycle people don't come into our neighborhood, city, get out. The person that tells them that could end his life right there because of their propensity of violence for violence's sake.

Mr. **Lazin**. I think that is reflected in the fact that traditional organized crime has on occasion used motorcycle gang members as enforcers. That is really sending in the heavy troops.

Senator **Nunn**. You have identified a number of individuals for us as members or associates of organized crime. So we can have it absolutely clear on our record, could you tell us the guidelines your Pennsylvania Crime Commission utilizes before publicizing names of people or associates or organized criminal activities?

Mr. **Lazin**. Senator, in terms of all the names that were listed on the three charts, they are all members of organized crime, made members of organized crime. I will have a director of our field operations, Mr. Lazzari, answer that question.

Actually, as far as the associates are concerned it is a tough call to make in any category but we use the criteria of someone that is constantly in the company of a made La Cosa Nostra member or someone who has been in some business dealings with a made La Cosa Nostra member in the recent past or someone who has been in business with him whether legal or illegal.

The best criteria is someone who is always around the La Cosa Nostra guy who has been made. For instance, Anthony DePasquale and Peter Rinaldi, some of the suspects in the Angelo Bruno killing.

These associates would be the type of guys who would be hired to go around and break heads, break legs and make loan shark collections, put the fear of God in somebody, who is not paying what is supposed to be paid.

Senator **Nunn**. How about the so-called made members, what term do you prefer? You name the term? What about the made members of the traditional organized crime gangs?

Mr. **Lazzari**. A fully initiated member; made member or inducted member. We rely on our own investigations; contact with informants and other reliable Federal Law enforcement agencies and State agencies, who have a larger informant development capability than we have as a small unit; to establish and arrive at what would definitely be a made member.

Senator **Nunn**. When you identify made individuals and associates, do you have a committee system where you make a decision based on discussions, analysis, presentation, or do you have one individual in a group who is able to make this kind of identification?

What is the procedure for actually moving someone from, let us say, a private list of suspects to a publicly disclosed member of the La Cosa Nostra?

Mr. **Lazzari**. From my background with the FBI in organized crime work, 17 years in Philadelphia, I had a lot of basic background knowledge of who most of the older members were, who are no longer with us. Through contact with other sources and Federal agencies, we come across a name that our people see frequently in contact with a known made individual. Then we share this information and contact these various sources and contact our own informants, to see if this fellow would be considered to be a made guy.

That is how we do it.

Chairman **Roth**. When you get down to it, do you have that authority on behalf of the Commission, or does it go to Mr. Lazin, or a group of people? What is your procedure for actually identifying someone publicly?

Mr. **Lazzari**. I basically have that authority. But the release is made through the executive director, Mr. Hay and through the five Commissioners, through Mr. Lazin.

Senator **Nunn**. Do the Commissioners, once Mr. Lazzari, once you have submitted the name to the Commission, does the Commission actually deliberate on it? Do you simply vest the authority in Mr. Lazzari to make that determination?

Mr. **Lazin**. In terms of the information submitted to the committee this morning, the information which is collected in the manner Mr. Lazzari has suggested, was then shared with other agencies that are involved and specialized in organized crime, to compare their intelligence with our intelligence and if there is a doubt as to whether someone is in fact a made member based upon all reliable information. We then decide to err on the side of the noninclusion rather than inclusion.

Senator **Nunn**. Do you have any specific suggestions as to changes in the Federal law or changes in the approach of Federal agencies to make to this subcommittee that would improve, let us say, the Federal authority, Federal coordination with State and local government and with your Commission?

[At this point Senator Roth left the hearing room.]

[Letter of authority follows:]

U.S. Senate,
Committee on Governmental Affairs,
Senate Permanent Subcommittee on Investigations,
Washington, D.C.

Pursuant to rule 5 of the Rules of Procedure of the Senate Permanent Subcommittee on Investigations of the Committee on Governmental Affairs, permission is hereby granted for the chairman, or any member of the subcommittee as designated by the chairman, to conduct open and/or executive hearings without a quorum of two members for the administration of oaths and taking testimony in connection with hearings on The Profile of Organized Crime: Mid-Atlantic Region, Feb. 15, 23, and 24, 1983.

William V. Roth, Jr.,
Chairman.

Sam Nunn,
Ranking Minority Member.

Mr. **Lazin**. No. I would not have any recommendations in terms of changes in Federal law. I do think that we should encourage continued cooperation and the type of funding that we see for the Regional Shared Information Systems. I think that is important. But I do not have any specific recommendations in terms of Federal legislation.

Senator NUNN. We are going to hear from a number of witnesses tomorrow, specifically we anticipate the appearance of Harry Riccobene, John Stanfa, Joseph Ciancaglini, Salvatore Merlino, all of those we anticipate calling tomorrow starting with Mr. Riccobene. Starting with Mr. Riccobene, could you give us the knowledge you have about that particular individual?

Mr. LAZIN. Senator, I would be happy to do that. I have one small problem and with your indulgence I have a flight to catch, which leaves National Airport at exactly 1. If the Senator would indulge me, I know both Mr. Hay——

Senator NUNN. We would be glad. You have more of a problem than you think.

We appreciate your being here very much. We appreciate the work you are doing.

Mr. LAZIN. Maybe I could find a motorcycle outside the Senate Office Building.

Senator NUNN. There may be a few.

Mr. Hay, do you want to answer that question?

Mr. HAY. Specifically, Mr. Lazzari is more knowledgeable on that. I did want to mention one thing out of order, that was to bring your attention to John Stanfa, the man driving Angelo Bruno, when Angelo Bruno was murdered. After his indictment, evidently he took flight and was found in a Landover, Md., shopping center, where he was working in a pizza shop under an assumed name where he had been working for about a year.

So there are indications that these pizza shops—I am sure Mr. Lazzari will describe who he is and the status.

Mr. LAZZARI. Harry Riccobene is currently in Federal custody, I think for about the fourth time. He spent the majority of his adult life in prison. He is 72 years of age, about 4 feet 10, must weigh about 120 pounds. He is best described as a survivor. By his own admission, he has been a made member or he has been up in La Cosa Nostra since 1931.

He served time on Federal charges for narcotics, local charges for narcotics, he served time for trying to cash a stolen $500,000 treasury bill and more recently in May 1982 was convicted along with five other individuals; two of whom were La Cosa Nostra members; of Rico-gambling violations, mail fraud, loan sharking and threats. He was out on bail. Two of his associates were convicted in the shooting of Salvatore Testa on July 31, 1982. The day they were convicted of that shooting, Harry Riccobene was stopped by a Philadelphia police officer with a gun in the car and his bail was revoked by Federal Judge James T. Giles.

Harry is still in prison. Face to face, a more likeable little guy you could ever want to meet. But he has been described by informants and by psychiatrists as a person who could not really carry on a meaningful relationship.

Senator NUNN. How about Mr. John Stanfa?

Mr. LAZZARI. John Stanfa would be about 41 years of age. He came to the United States as an alien from his native Sicily, Palermo, Sicily. Subsequent to the death of Angelo Bruno and his trial, Stanfa, we found out through various sources, Federal and International that Stanfa was already a made member of the Gambino family, when he left Sicily in 1964. He is what would be described as a mole.

From about 1964 until the Bruno killing, hardly anybody knew that he was around. He had a small construction business at 1743 Passyunk Avenue in Philadelphia and did home remodeling jobs. Some of the homes he remodeled were homes that were being purchased by Ralph A. Puppo, P-u-p-p-o, who is Angelo Bruno's son-in-law. He also did renovation work on the Cous' Little Italy Restaurant, formerly the Piccolo 500 Restaurant, which was formerly owned by Nicholas Piccolo, the current consiglieri of the family.

He also did work for several other La Cosa Nostra members family homes and businesses namely Ralph Puppo's $300,000 home in Radner township.

Regarding the death of Angelo Bruno, as has been related before, Stanfa was the guy who drove Bruno from Cous' Little Italy to his home. The car which he drove, was a late model Chevrolet, that had electrically operated windows; operated from anywhere in the car. According to Stanfa, Bruno pushed the window button down to make the window come down, which allowed the assailant to put the shotgun up behind Bruno's head and almost blow his head off. Stanfa first told the police that there were two white guys and they took off running down 10th Street. Later he told the police it was a white fellow and black fellow and they went down Snyder Avenue. Then later he said he did not see anything or anybody.

The general concensus among all law enforcement agencies is that the two superficial wounds which Stanfa received, when he was in the car with Bruno, were received at the point that he lowered the window when he saw the killer coming. He got hit with either the shell fragments from the shotgun or fragments of bone from Bruno's jaw. He stonewalled it when he went before a Federal Grand Jury. The FBI located him, in Landover, Md., in a pizza shop.

He used an assumed a name, changed his appearance; had a new girlfriend. Stanfa was convicted of purjury and was sentenced to 8 years in prison.

Senator NUNN. How about Joseph Ciancaglini?

Mr. LAZZARI. Joseph Ciancaglini is a relative newcomer. He was a labor union organizer for local 107 of the Teamsters Union in the late 1960's, in Philadelphia. Local 107 has been known as a violence prone union. There was a new group trying to obtain control of local 107 led by a dissident named Robert DeGeorge.

In broad daylight, across the street from local 107 headquarters on Spring Garden Street in 1967, they had an old John Wayne type shootout across Spring Garden Street. In the fusilade there, Robert DeGeorge was killed, Ciancaglini was shot in the stomach. He was one of those on the local 107 side, fighting against some of the dissident members.

Also in that group was Frank Sheeran, who is now the president of local 326 in Wilmington, Del. Ciancaglini came up through the ranks because of his loyalty and his strength. As you will see, he is a bull of a man. He is the type of fellow who could probably have been a priest or rabbi, but just the fact he sits here, he has that fearsome, awesome look. Some women describe him as a hunk. The guy looks fierce and tough. He appears strong enough to crush a person like an egg.

He became a La Cosa Nostra member in the early 1970's. For about 10 years, he was Frank Sindone's closest confidant. He made loan shark collections with Sindone and operated gambling operations together.

After the killing started, Ciancaglini sided with Bruno and Sindone. Somewhere along the line, he is a survivor. He changed his allegiance. He is still considered to be one of the powers in the Philadelphia family—Scarfo's main man in Philadelphia.

Senator NUNN. How about Salvatore Merlino?

Mr. LAZZARI. Salvatore Merlino is a cousin of the current boss, Nicodemo Scarfo. Salvatore Merlino is about 50 years of age. He was arrested for manslaughter in 1963 with Nicodemo Scarfo in the murder of a longshoreman in an ethnic scuffle in a diner in south Philadelphia. Scarfo entered a guilty plea to involuntary manslaughter and served 8 to 23 months in prison. Charges against Merlino were dropped.

Merlino is currently the underboss of the Philadelphia family. He is running it for Nicodemo Scarfo with the close help of Nicholas Piccolo, Joe Ciancaglini, and a few others.

Senator NUNN. You mentioned John Stanfa and his role the night that Bruno was murdered. What significance do you place on the apparent fact that Stanfa is associated with the Gambino family?

Mr. LAZZARI. The Gambinos with whom Bruno was very close was the oldtimer Carlo Gambino, who was in Bruno's age category. The newer Gambinos are nephews of Carlo Gambino. The inference would be that Stanfa was like the younger Gambino people and the younger members of the Philadelphia family.

They were just tired of Bruno's conservatism and figured it was a time for a change, because Bruno would not let younger members really get a firm foothold in the family financial affairs.

Senator NUNN. We appreciate very much the cooperation of both of you. We appreciate the work your commission is doing. We thank you for being here.

Mr. HAY. Thank you very much. We would like to offer our reports if you would like, not to be included in the record completely, but any extracts or references or term that you might choose to use.

Senator NUNN. We appreciate that very much. I particularly want to put in the part of the record that directs itself to the allegations we have heard about pizza operations and the allegations we have heard about organized crime connections with the cheese market.

You have both of those in that report, do you not?

Mr. HAY. Yes. In addition we have a January 1980 report just on the cheese and pizza industry, which we do know is being used as a basis to some extent for the Internal Revenue Service to deal with, what they have told us, is widespread fraud in the industry and using it as a nationwide guide.

Senator NUNN. That is going on now?

Mr. HAY. Yes, sir.

Senator NUNN. Would you be able to submit that for the record?

Mr. HAY. Yes. I will see a copy gets back to your staff straight away.

Senator NUNN. Is that a very large report or small?

Mr. HAY. Smaller.

Senator NUNN. We would, without objection, put that one in the record at this point.

[The material referred to "A Decade of Organized Crime, 1980 Report," "1981 and 1982 Annual Reports," and "Health Care Fraud: A Rising Threat, December 1981," by the Pennsylvania Crime Commission, was marked "Exhibit No. 13," for reference, and may be found in the files of the subcommittee.]

Mr. HAY. That might explain a lot of the questions you had earlier.

Senator NUNN. I want to make sure it is put in perspective. You have done a detailed study on it. So we will put that in the record. Thank you both for being here. Thank Mr. Lazin. We hope he made his airplane.

Mr. LAZZARI. Thank you, Senator.

Senator NUNN. Our next witnesses are from the U.S. Department of Labor. We have Acting Inspector General Robert E. Magee, special agent in charge Raymond Wren, special agent in charge Ronald Chance, and special agent in charge Robert McKee.

Mr. Wren is from Newark, N.J., Mr. Chance is from Camden, and Mr. McKee is from Philadelphia. We swear all of our witnesses in before the subcommittee.

If each of you will please hold up your right hand. Do you swear the testimony you will give before this subcommittee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MAGEE. I do.

Mr. WREN. I do.

Mr. CHANCE. I do.

Mr. McKEE. I do.

TESTIMONY OF ROBERT E. MAGEE, ACTING DEPUTY INSPECTOR GENERAL; RAYMOND A. WREN, SPECIAL AGENT IN CHARGE; RONALD C. CHANCE, SUPERVISORY SPECIAL AGENT; AND ROBERT M. McKEE, SPECIAL AGENT IN CHARGE

Chairman ROTH. We are running longer today and we appreciate your patience in sitting here. I know you have got your complete statements. I have received those. We are going to put those in the record. We would like for you to summarize your statements. I am going to cut my questions short. We have to give up this room in a few minutes.

What I would like to do is get all of your testimony and then we would perhaps need to followup with some additional questions beyond what I am able to do. So we would ask you to go ahead and begin as you see fit and let us have your testimony. I find your statements very thorough and very helpful. Why don't you proceed as you wish.

Mr. MAGEE. I am Robert Magee, Senator, Acting Inspector General at the Department. We are all pleased to be here. In the interest of time I can synopsize my prepared statement which the subcommittee has. However, I think I should cover some highlights that I think are of particular significance not only to the subcommittee but to the testimony that these people will then give.

In way of brief background, I came to the Department of Labor in December 1981 as the Deputy Inspector General. My prior service was with the Department of Agriculture where for 15 years I held a variety of criminal investigative management and supervisory positions; before that a rather lengthy period with the U.S. Army where most of that time was with the Criminal Investigation Division.

Inspector General Thomas McBride at the Department of Labor resigned in October of last year and I assumed the duties of Inspector General at that point. I think I should first describe the functions and operations of our particular office.

With respect to the investigation of organized crime and the support of the Justice Department Strike Forces, it is carried out by a separate unit in the Office of Inspector General known as the Office of Organized Crime and Racketeering which has about 75 special agents at field locations in proximity to Justice Department Strike Forces. It is important to note that these agents do not have any other departmental duties and are not used for any purpose other than for the support of the strike force operations.

The evolution of the unit to its present configuration I think is significant in terms of the interest of the subcommittee. The 1978 hearings raised questions of concern about what was seen as the failure of the Labor Department, Senator Nunn, as you well know——

Senator NUNN. I recall that very well.

Mr. MAGEE. For vacillating and inadequate support to the strike forces. The major question then and today is whether the Department of Labor should assert a professional, aggressive and active presence in the area of labor racketeering, specifically in support of the Strike Force operations initiatives. The Department organized a separate unit in response to that mandate in 1978 and the function in the Office of Inspector General has carried that out through a rather defined operational strategy which is covered in sufficient detail in my prepared statement.

I will let that go at that. I need to point out the concept, measuring the last 3 to 4 years over the prior period covered by the 1978 hearings, seems to work. Since that time these special agents either operating by themselves or in concert with other Federal, local, or State police agencies have conducted investigations which have culminated in the convictions of over 170 individuals and organizations identified to organized crime.

Our recruiting strategy has emphasized a mix of specialists. That is, people who are financial investigators, people who have expertise in union books records and related matters, and conventional criminal investigation techniques in order to form a force that can mount an investigation and bring the case to prosecution either working in concert with other investigative agencies or, when necessary, working by themselves.

I feel very strongly that if the previous criticism of the Labor Department and its Secretary then for not maintaining adequate support to the strike force is not to be repeated, the Labor Department must maintain a presence that is not captive to the conflicting priorities and workload pressures that confront other agencies. I see the importance of this unit is that it provides a body of investigative specialists who understand union operations and the intricacies of the pension and welfare benefit plan area, and who are not diverted to other enforcement operations and rotated to other locations, and thus are able to develop over the long term the sources of information that enable us to gain essential intelligence information and cooperation.

Very briefly, because these other witnesses will hit much closer to the point, we need to say that from our viewpoint organized crime poses a serious potential threat to labor-management relations and, although only a relatively small percentage of unions are influenced by organized crime, we have to say that organized crime is inevitably attracted to unions which offer the greatest profit potential for them.

Control of a labor organization and its affiliated employee benefit plans with the billions of dollars involved offers organized crime ample opportunity for looting the treasuries through embezzlement and kickbacks. The methods are as diverse as your imagination permits. The employee benefit plan is especially ripe to imaginative sophisticated schemes which permit organized crime figures and their nominees to corner very lucrative markets.

We operate today on information available to our office which indicates that organized crime associates are increasingly receiving exorbitant fees for service contracts for employee benefit plans and, in many instances, the awards are made without any competitive bidding and frequently the service provided to the members is of marginal value.

Organized crime by controlling the union can exert considerable influence over the collective bargaining process. The organized crime figures or their associates are in a position to offer sweetheart contracts and labor peace to employers in return for cash. Organized crime's control of the unions can provide organized crime's control or influence companies with a competitive advantage through the collective bargaining process. The two offices represented today here by these individuals, the Newark and Philadelphia offices, have the responsibility for the program in the mid-Atlantic area which is of interest to the subcommittee hearings today.

The mission there as throughout the rest of the country for our offices is to identify, reduce, control and prevent organized crime and labor racketeering within the industries and labor organizations which are vulnerable to organized crime incursion. We have determined in this particular area the local unions are the International Brotherhood of Teamsters, local unions representing workers in the building and construction industry, labor organizations representing the dress and garment industries, Longshoremen's Association of local unions as well as many jointly administered employee benefit plans have been identified as being under the domination, control or influence of organized crime.

Naturally, considering our limited resources, our investigative priorities have been directed to these kinds of activities with special emphasis of the employee benefit plan field.

Senator **Nunn**. Putting it in broader perspective, I think you would certainly agree that most labor union officials are honorable and honest individuals.

Mr. **Magee**. That is certainly a fact, Senator.

Senator **Nunn**. To what degree, how serious would you rate this in terms of the overall labor organizations, unions, joint management pension plans? How serious is the organized crime element in the labor union movement?

Mr. **Magee**. We see it as most severe because organized crime brings with it sophisticated capabilities of engineering the most devious schemes to milk the funds in these pension and welfare benefit plans with the ultimate result that members who contribute to those plans are frequently going to be deprived of what they deserve.

Senator **Nunn**. So the people you are trying to protect in this are the rank and file union members who have their life savings and investment and pension and health benefits, welfare benefits all of those tied up here?

Mr. **Magee**. We see the function of this particular unit as being synonymous with that of the Department of Labor, which is to protect the rights of the working people. That is an exclusive mission as far as I am concerned.

Senator **Nunn**. I am going to ask you to furnish for the record, I know you have some of these cases that are illustrative in the statement, but if you could furnish for the record the number of convicted union officials and management officials involved in pension funds or involved in negotiations, collective bargaining and so forth who have been convicted of felonies and who are out on appeal bonds now and who are remaining in their offices or their position of trust in power. If you would furnish that for the record.

Mr. **Magee**. We will be pleased to do so, Senator. I might in that connection mention although we have some prior success of removing some of these people from their positions, the removal process is painfully prolonged and as you know, the Department has, with Secretary Donovan, supported the labor racketeering bill with the main emphasis on the disqualification procedures which will enable these kinds of persons to be removed upon conviction and not allow them to remain in the positions where they can continue to influence and manipulate these schemes.

[The material referred to follows:]

U.S. Department of Labor,
Inspector General,
Washington, D.C., March 24, 1983.

Hon. William B. Roth, Jr.,
Chairman, Senate Committee on Governmental Affairs,
Permanent Subcommittee on Investigations,
Washington, D.C.

Dear Senator Roth: In the hearing "Profile on Organized Crime: Mid-Atlantic Region," held before your Subcommittee on February 24, 1983, Senator Sam Nunn requested a listing of convicted union and company officials who would be disqualified from holding a union or labor relations position if the Labor-Management Racketeering Act, S. 336, was effective. Senator Nunn also requested a listing of those International Longshoremen's Association (ILA) officials who were convicted as a result of the Federal Bureau of Investigation's UNIRAC investigation and who remain in office following conviction.

Please find enclosed a listing of those individuals convicted as a result of investigations of this office remaining in a disqualified (per S. 336) union, employee benefit plan or labor relations position while their conviction is appealed.

We have contacted the U.S. Department of Justice relative to Senator Nunn's request concerning the FBI's UNIRAC investigation. It is our understanding that the Department of Justice is compiling a list of convicted individuals who would be barred from holding union or benefit plan positions but for their pending appeals for the United States Senate Committee on Labor and Human Resources, Subcommittee on Labor in support of S. 336. According to Department of Justice officials, the list will include these ILA officials convicted as a result of the UNIRAC investigation who remained in office following conviction.

We will be pleased to furnish you with a copy of the information you requested concerning the ILA officials upon receipt from the Department of Justice.

If you have any other questions or require additional information, please contact me.

Sincerely,

ROBERT E. MAGEE,
Acting Inspector General.

Enclosure.

CONVICTED INDIVIDUALS REMAINING IN A DISQUALIFIED UNION EMPLOYEE BENEFIT PLAN OR LABOR RELATIONS POSITION UNDER S. 336

Name and position	Date of Conviction	Violations	Length in office following conviction	Disposition of case
Joseph Campisano president, Teamsters, LU 945, West Patterson, N.J..	May 1979	RICO, kickbacks, employee benefit plan.	22 mo	Vacated position Mar. 2, 1981 when Supreme Court denied certiorari.
Vito Cariello, secretary/treasurer, LU 945	May 1979	do	22 mo	Do.
Ernest Palmeri, business agent, LU 945	May 1979	do	22 mo	Do.
Frank Smith, business agent, LU 945	May 1979	do	22 mo	Do.
Flen Chestnut, business agent, LU 945	May 1979	do	16 mo	September 1980, circuit court of appeals overturned the conviction.
Roby G. Smith, business agent, Teamsters LU 299, Detroit, Mich	August 1979	Hobbs Act, extortion	43 mo	Smith was removed from his position but was immediately rehired as an organizer for Teamster Joint Council 43 and continues in that position while his conviction is under appeal.
William Soltero, Sr., secretary/treasurer and business manager, Laborers LU 383, Phoenix, Ariz.	October 1979	Embezzlement of union funds.	26 mo	Vacated position in December 1981 after Supreme Court denied certiorari.
John Gibson, international secretary/treasurer, Hotel, Restaurant and Bartenders Employee Union. Cincinnati, Ohio.	May 1980	do	24 mo	Vacated position in May 1982 after circuit court of appeals upheld conviction on April 20, 1982.
Raymond J. Silva, president, Inter-Longshoremen's Association, LU 1329, and president LU 1996, Providence, R.I.	June 1980	Embezzlement of union funds and Taft Hartley.	11 mo	Circuit court of appeals upheld conviction on March 20, 1981 on May 5, 1981 Silva vacated position and on May 6, 1981 he was incarcerated.
Joseph P. Uzzolino, president, Teamsters LU 478 and chairman of the Local 478 Pension and Welfare Fund, Union, N.J.	June 1980	Kickbacks-employee benefit plan.	27 mo	Uzzolino vacated his positions after the Supreme Court denied certiorari on his appeal on October 5, 1982.
Anthony Lamaina, business manager, law enforcement and security officers, LU 40B, Atlantic City, N.J.	December 1981	Embezzlement of union funds.	15 mo	Lamaina remains in office while his conviction is under appeal.
James Conover, secretary/treasurer law enforcement and security officers LU 40B, Atlantic City, N. J.	December 1981	Embezzlement of union funds.	15 mo	Conover remains in office while his conviction is under appeal.
John Giardiello, president and business agent, Laborers LU 767, West Palm Beach, Fla.	June 1982	RICO conspiracy-kickbacks-employee benefit plan.	9 mo	Removed from positions under RICO but reappointed to position of organizer LU 767.
Salvatore Tricario, business agent and recording secretary, Laborers LU 767, West Palm Beach, Fla..	June 1982	RICO, conspiracy-kickbacks-employee benefit plan.	9 mo	Do.
Sten Thordarson, secretary/treasurer, Teamster LU 389, Conoga Park, Calif.	August 1982	RICO, embezzlement of union funds.	7 mo	Thordarson remains in office pending appeals.
Martin Fry, secretary/treasurer, Teamsters LU 186, Carpinteria, Calif.	August 1982	RICO, embezzlement	7 no	Fry remains in office pending appeals.
John Cody, president, Teamsters Local 282, New York, N.Y.	October 1982	RICO, Taft-Hartley (bribery)	5 mo	Cody remains in office while his conviction is under appeal.

CONVICTED INDIVIDUALS REMAINING IN A DISQUALIFIED UNION EMPLOYEE BENEFIT PLAN OR LABOR RELATIONS POSITION UNDER S. 336—Continued

Name and position	Date of Conviction	Violations	Length in office following conviction	Disposition of case
Pascal DiJames, international president, Tile, Marble, and Terrazzo International Union, Washington, D.C.	November 1982	Willful failure to file reports required under the LMRDA.	4 mo	DiJames remains in his position while the conviction is under appeal.
Eugene Boffa, chief executive officer, Universal Coordinators, Inc./Country Wide Personnel, Inc. (labor leasing), New Jersey.	June 1981	RICO, Taft-Hartley, obstruction, mail fraud.	21 mo	Boffa remains in office while conviction is on appeal to Supreme Court.
Louis Kalmar, corporate officer, Universal Coordinators, Inc./Country Wide Personnel, Inc. (labor leasing) New Jersey.	June 1981	RICO, Taft-Hartley, Mail fraud.	21 mo	Kalmar remains in office while conviction is on appeal to Supreme Court.

Note.—Many of the union officials are/were also trustees of the union's affiliated employee benefit plan.

Senator NUNN. As you know that is my bill. We have gotten it passed twice in the Senate but have never been able to get it passed in the House. We are going to work on it diligently this year. We are pleased Secretary Donovan is supporting it vigorously. If this bill passes and these people who are in these areas of fiduciary trust, I emphasize both labor and people in management who are in this kind of fiduciary position, if that bill does pass, they are removed from office or positions of trust, on sentencing rather than after appeal. Could you give us your own assessment of the difference this will make in terms of your ability to protect the fund and protect the rights of the workers?

Mr. MAGEE. I think I can best illustrate that by pointing out that of the 100 and some union officials who have been convicted as a result of the investigations that I alluded to earlier only one conviction has been overturned. In some cases, the convicted individual remained in the position of influence for as long as 3 years while that process was ongoing. So the immediate benefit to the honest working person and organized labor and the unions in general ought to be apparent.

Senator NUNN. What about the psychological benefit when someone has been convicted of that kind of crime involving fiduciary breach and then remain in office? Does this have an effect on membership in terms of their outlook toward both their plans and their confidence in the future?

Mr. MAGEE. I am sure it does because in the case of most criminal justice proceedings the average individual, public citizens, are readers of newspapers, and don't comprehend the lengthy appeal process that may be involved. They know there was an investigation, they may know from publicity of a trial and conviction, and yet, months later, they have reason to believe the individual is still there and may well believe that he is beating the rap.

Senator NUNN. Thank you.

Mr. MAGEE. I think I have summarized to the extent necessary the prepared statement. I did want to mention that in the prepared statement there is an example of 14 individuals that fit the category that we have just discussed which will illustrate the kind of individual, the office involved and the length of time those individuals remain in the position of interest.

Senator NUNN. We will leave it up to you to decide who is going to testify next.

Mr. MAGEE. On my right is Robert McKee, not to be confused with Robert Magee, although I take credit for some of his accomplishments from time to time, who is the Special Agent-in-Charge of our Philadelphia office of Organized Crime and Racketeering. We will start from right to left.

Senator NUNN. That is fine.

Mr. MCKEE. Sir, in my testimony today I will discuss the influence of organized crime on certain labor unions in Philadelphia and Atlantic City areas and a new and lucrative nationwide scheme known as labor leasing, which has been infiltrated by organized crime. In the interest of time, I will summarize the written statement that I have submitted to the subcommittee.[1]

---

[1] See p. 387 for the prepared statement of Robert M. McKee.

The first general area that I will discuss is an overview of organized crime as it relates to labor racketeering in the Philadelphia area. Since the inception of legalized gambling in Atlantic City in 1978 there has been a struggle for power among organized crime figures. Historically, the Philadelphia La Cosa Nostra under the late Angelo Bruno controlled illegal activities in Atlantic City. When gambling was legalized Bruno felt he should continue this control. He enlisted the help of a trusted associate, John McCullough, to establish a power base in the unions in Atlantic City. McCullough is the deceased head of the Roofers Union and Building and Trades Council in Philadelphia, and he was considered one of the most influential labor leaders in the area. McCullough had strong ties to both organized crime and politics. By having control over the unions, Bruno could control both the building and operational stages of the casino.

On March 21, 1980, Angelo Bruno was murdered. His successors did not share his confidence in McCullough and ordered McCullough out of Atlantic City. McCullough was not easily intimidated. Over the years his opponents have been beaten, threatened or fire bombed. He ignored these warnings from Bruno's successors and on December 16, 1980, McCullough was shot to death in his home.

As you heard from other witnesses, under Bruno's two decades of reign, Philadelphia's organized crime family was relatively free of violence. But since his murder, the violent struggle for power has continued. Seventeen area crime figures have been murdered and several others have been targeted for murder.

As an example of organized crime's stranglehold on local unions, I would like to draw your attention to the chart to my right which concerns the breakup of the Teamsters' Local 107 in our area. In 1959 this subcommittee concluded that Philadelphia Teamsters' Local 107 was corrupt. In 1967 a Justice Department spokesman called local 107 one of the most corrupt unions in the country.

It was hoped that if local 107 were divided into six smaller jurisdictions the corruption would diminish. As you can see by the chart, local 107 was split up in 1966 into six smaller splintered locals: 107, 158, 500 and 513 in Philadelphia; local 326 at Wilmington, Del.; and local 676 in Camden, N.J.

As you can also see by information contained on the chart, the idea of dividing local 107 in hopes of ridding it of corruption did not succeed.

Major officials within each of these splintered locals have been accused of or convicted of various crimes. Rather than taking the time and detailing the various crimes allegedly committed by these individuals, I will simply leave that up to you to refer to the chart at a later time.

Also located on this chart are two other Teamsters locals in the Philadelphia area that have had major officials accused or convicted of various crimes: Local 830 and local 169.

Senator NUNN. Are you saying that from one of those locals that has been split off of 107, if I am reading that chart correctly, now have people to have been part of the leadership since the split, who have been convicted of crimes?

Mr. MCKEE. Charged with or convicted of crimes. Yes.

Senator NUNN. Are any of them, where there have not been convictions, just charges?

Mr. MCKEE. Yes, John Greely, president of local 676, it was alleged during the investigation of Eugene Boffa in Wilmington, Del., that he accepted payoffs.

As you can see from the chart, where officials were convicted it is indicated on the chart; where they were charged with and later acquitted or for some reason the charges were not followed up on, it is also indicated on the chart: either charged, indicated and or convicted.

The next area I would like to discuss is labor leasing. In recent years, a new form of questionable labor practices has been identified by our Philadelphia office, which we know to be nationwide in scope, very lucrative and highly influenced by organized crime.

This scheme known as labor leasing, defrauds union members of wages and benefits guaranteed to them by collective bargaining agreements. In addition, in many cases, the employees lose their jobs.

Under this scheme, major blue chip corporations would hire labor leasing companies to take over as the employer of their truck drivers, usually members of Teamsters unions. The labor leasing companies would collect a fee for their services and hire drivers at their own negotiated wages and benefits, many times below wages paid to truckers under the Teamsters National Master Freight Agreement.

If the labor leasing company did not like a driver or group of drivers for some particular reason, they simply would not rehire the employees. If after a period of time, the leased drivers caused labor unrest because of their below scale wages or reduced benefits, the labor leasing company would terminate its contract with the affected corporation. At the same time, the first labor leasing company would be terminating the contract, a new labor leasing company would appear on the scene and begin taking job applications: In many cases, this was the same day or the day following the termination by the first labor leasing company.

If the second labor leasing company or it's successor labor leasing company had been owned or controlled by the same individual or group of individuals, it would have had to rehire the same drivers and give them the same wages and benefits. This is referred to as the alter ego theory and is supported under provisions of the National Labor Relations Act.

In our investigation, we found that the second labor leasing company in this scheme was actually owned or controlled by the same individual as the first labor leasing company. In order to circumvent the National Labor Relations Act and to defraud the union members, the second labor leasing company would have a straw party as the alleged owner. This would allow the successor labor leasing company not rehire dissident drivers, and in some cases, lower the drivers wages and benefits ever further.

In our case, which was successfully investigated and prosecuted, the labor leasing company contractor, Eugene Boffa, was found to have carried out his scheme across the Nation and with the complicity of Teamster officials.

On page 14, to my formal statement, you will see a chart which summarizes alleged criminal activities by some of the Teamsters who were allegedly receiving payoffs from Eugene Boffa. You can also see by the chart that this scheme was nationwide in scope. Mr. Boffa made payoffs to Frank Sheeran in Wilmington, Del., and in 1981 Sheeran was convicted of accepting payoffs from Mr. Boffa. Payoffs were also allegedly made to: Louis Pagan of local 901 in San Juan, Puerto Rico; Anthony Provenzano and other members of his local in Union City, N.J.; Nicholas Robilotto, local 294 in Albany, N.Y.; Samual Ancona, Joint Counsel 56 in Kansas City, Mo.; Leroy Nunes, local 70 in Oakland, Calif.; John Greeley, local 676 in Camden, N.J., and; Vito Mango of local 413 in Columbus, Ohio.

[Correspondence, affidavit, and supporting documents received from Mr. John P. Greeley, and letter dated April 7, 1983, from Mr. Robert M. McKee, which was received subsequent to the hearing may be found in the Appendix on p. 492.]

As also indicated on the chart, the criminal track record of some of these union officials shows that we are not dealing with the so-called white collar criminal: Anthony Provenzano and his associates have been suspects in the disappearance of James Hoffa, and Anthony Provenzano also has convictions for murder, extortion and RICO racketeering.

The footnote to this chart mentions Travis Dumas, one cooperative Teamster official we found in our investigation. He is from Miami, Fla., and he gave testimony in two trials that Robert Boffa, Eugene's son, offered him cars and cash to let this illegal scheme infiltrate his union.

I also brought with me two charts which were used in our criminal trials in Wilmington, Del. Quickly, I will summarize what the charts symbolize.[1] The chart on the top—attachment No. 2—was used to show the financial gyrations that Mr. Boffa and some of his coconspirators used in order to generate funds or cash to further this scheme. The boxes on the left reveals sources of funds to a corporation which was set up solely to wash funds through. The corporation, Universal Coordinators of Cleveland, had no active business. All that corporation was set up for was to receive funds and to disburse funds. The entities on the left side of the chart are individuals or business entities who provided moneys to this fictitious wash corporation, and the groups or individuals on the right side of the chart are Boffa corporations or associates of Boffa that were recipients of these funds.

Second chart—attachment No. 1—shows the corporations that were included in our Indictment. They were listed as corporations involved in the criminal RICO enterprise. The chart is broken down into 5-year segments which are separated by dotted lines on the chart. The continuous lines and arrows indicates money that flowed between these various corporations. The color coding indicates common addresses between these corporations. Shown in the boxes are the names, addresses and dates of incorporations of these various corporations, and the names below these boxes are the individuals identified as corporate members by various documents that we secured in our investigations.

---

[1] The charts referred to may be found on pages 397 and 400 in Mr. McKee's prepared statement.

I think one thing that this investigation reveals is a new area in which organized crime has infested. It also indicates how organized crime can spread itself nationwide in a short period of time and adversely affect union members and other business people that they come in contact with.

That summarizes my statement. I will try to answer any questions you have at this time.

Senator NUNN. Thank you very much.

At this stage, we are going to have to adjourn. Is it convenient for you to come back tomorrow morning.

Mr. MAGEE. At your convenience.

Senator NUNN. I want to ask you questions. You have important testimony. I have read the testimony. It is very well done, very thoroughly prepared. These are important questions here. I am going to try to do this second in the morning, right after our opening witness.

It would probably be, we are going to open at 9:30 in the morning. So you would not need to be here before, say 10:15. I think the first witness will take about 45 minutes. We will try to put you on at that stage. We have to vacate this room at the present time.

So thank you very much and we will see you tommorrow morning. If any of you have something compelling tomorrow, then we would understand that. So your presence is not mandated, but simply requested if you can do it.

Mr. MAGEE. You can expect to see us all here, Senator.

Senator NUNN. Thank you very much.

[Senator present at the close of the hearing: Senator Nunn.]

[Whereupon, at 1:15 p.m. the hearing was adjourned.]

PROFILE OF ORGANIZED CRIME: MID-ATLANTIC REGION

THURSDAY, FEBRUARY 24, 1983

U.S. SENATE,
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
OF THE COMMITTEE ON GOVERNMENTAL AFFAIRS,
Washington, D.C.

The subcommittee met at 9:30 a.m., in room 342, Dirksen Senate Office Building, under authority of Senate Resolution 333, section 13, dated March 11, 1982, Hon. William V. Roth, Jr., presiding.

Members of the subcommittee present: Senator William V. Roth, Jr., Republican, Delaware; Senator William S. Cohen, Republican, Maine; and Senator Sam Nunn, Democrat, Georgia.

Also present: Senator Arlen Specter, Republican, Pennsylvania, and Senator Joseph R. Biden, Jr., Democrat, Delaware.

Members of the professional staff present: S. Cass Weiland, chief counsel; Eleanore J. Hill, chief counsel to the minority; Katherine Bidden, chief clerk; John Sopko and Terrance Bostic, assistant counsels to the minority; Fred Asselin and Leonard Willis, staff investigators; Mary D. Robertson, assistant chief clerk, minority; and Tom Karol, staff counsel to the majority.

Senator present at the commencement of the hearing: Senator Nunn.

Senator NUNN. The subcommittee will come to order.

[Letter of authority follows:]

U.S. SENATE,
COMMITTEE ON GOVERNMENTAL AFFAIRS,
SENATE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS,
Washington, D.C.

Pursuant to rule 5 of the Rules of Procedure of the Senate Permanent Subcommittee on Investigations of the Committee on Governmental Affairs, permission is hereby granted for the chairman, or any member of the subcommittee as designated by the chairman, to conduct open and/or executive hearings without a quorum of two members for the administration of oaths and taking testimony in connection with hearings on Profile of Organized Crime: Mid-Atlantic Region, Feb. 15, 23, and 24, 1983.

WILLIAM V. ROTH, Jr.,
Chairman.

SAM NUNN,
Ranking Minority Member.

Senator NUNN. Senator Roth is in another meeting and will be coming in around 10 o'clock or shortly thereafter. He asked me to chair in his absence.

Our witnesses today, I am going to call are the first witnesses for unfinished business from yesterday. We had to vacate the room about 1:15 and our Labor Department witnesses did not get through testifying, so if the Inspector General Magee and Special Agent Wren, Special Agent Chance and Special Agent in Charge in Phildelphia McKee will come forward.

Gentlemen, you have all taken the oath yesterday. Is that correct? You understand you are still under oath this morning?

Mr. MAGEE. That is correct.

TESTIMONY OF ROBERT E. MAGEE, ACTING DEPUTY INSPECTOR GENERAL; RAYMOND A. WREN, SPECIAL AGENT IN CHARGE; RONALD C. CHANCE, SUPERVISORY SPECIAL AGENT; AND ROBERT M. McKEE, SPECIAL AGENT IN CHARGE

Senator NUNN. Thank you very much for being here again. And thank you for your patience.

We had two statements yesterday that were summarized. We have got a good many questions. So I think we will proceed with the other two statements this morning and again ask you to the best of your ability to give us a summary. We will put your entire statements in the records [1] [2] [3] [4] and will be asking you a number of questions.

Mr. MAGEE. Senator Nunn, when we broke yesterday as you will recall, Bob McKee to my right, special agent in charge from our Philadelphia office, had finished illustrating the investigation by his office that led to the prosecution and conviction of Eugene Boffa in the labor leasing scheme and Frank Sheeran, Delaware IBT official in a spinoff of that case.

Unless you have questions on that particular case, we will proceed now, if you will, to Ron Chance to my immediate left, who is the supervisor in charge of our Camden office.

Following him, Ray Wren, to the extreme left, special agent in charge of our Newark office, will present his information.

Senator NUNN. Let me ask one question on the Boffa matter before we get into that and then we will proceed as you have outlined.

Mr. McKee, you were primarily responsible for the *Boffa* case?

Mr. McKEE. Yes, sir. Our office was.

Senator NUNN. How many agents did you have working with you on that?

Mr. McKEE. It was myself and three other Department of Labor special agents, and we worked on that case for over 3 years.

Senator NUNN. Did you operate with a strike force in that investigation?

Mr. McKEE. Yes, it was conducted with the cooperation of the strike force and attorneys with the strike force, and we utilized two Federal grand juries.

Senator NUNN. Which attorney was in charge of that case?

Mr. McKEE. Ronald Cole.

---

[1] See p. 349 for the prepared statement of Robert E. Magee.
[2] See p. 359 for the prepared statement of Raymond Wren.
[3] See p. 375 for the prepared statement of Ronald Chance.
[4] See p. 387 for the prepared statement of Robert M. McKee.

Senator Nunn. C-o-l-e?

Mr. McKee. Yes, sir.

Senator Nunn. Did you work with other Federal agents on the strike force in that case?

Mr. McKee. We received some minimal support from some other agents in this investigation. Yes, sir.

Senator Nunn. Which agencies did you work with that contributed significantly? Which other agencies in the strike force made a significant contribution in the investigation of this case?

Mr. McKee. No other agencies contributed significantly to this investigation. It was primarily conducted by, I would say solely conducted by our office, and we had some support from a witness provided by the Federal Bureau of Investigation, and the Bureau of Alcohol, Tobacco, and Firearms.

Senator Nunn. Who was it in the Federal Bureau of Investigation that worked with you?

Mr. McKee. The Federal Bureau of Investigation and Bureau of Alcohol, Tobacco, and Firearms provided Charles Allen, at the time of trial.

Senator Nunn. He was with who, FBI or ATF?

Mr. McKee. He was a witness in the witness protection program, and I believe he was sponsored by both agencies.

He played a role of corroborating our case, and he was more or less the icing on the cake for our investigation.

Senator Nunn. But the primary investigation of that case was done by your people working with the strike force?

Mr. McKee. That is correct.

Senator Nunn. Labor Department people. Thank you.

We can proceed.

Mr. Chance. Good morning, Senator. I am supervisor of the Camden field office, U.S. Department of Labor.

I have a prepared statement which I believe has already been introduced. However, I have in my prepared statement cited a couple of news articles, one from the Wall Street Journal, one from the New York Times and I would like to introduce those articles at this time.

Senator Nunn. Without objection, I would also ask that an article on some organized newly emerged organized crime group printed in the New York Times on February 13 entitled "U.S. Officials Tell of Criminal Group Among Russian Emigrés in Brooklyn." I would ask that that be put in the record in connection with the testimony that we had requested on that subject.

[The newspaper articles referred to were marked "Exhibit No. 14," for reference, and follow:]

[Exhibit No. 14]

U.S. Officials Tell of Criminal Group Among Russian Emigrés in Brooklyn

(By Clifford D. May)

From Tuesday through Saturday, Police Officer Stephen Hrehus spends much of his day on foot patrol along Brighton Beach Avenue, a street that in one respect is unlike most others in Brooklyn. "That music store there," he said, "it's owned by Russians. Boston Fried Chicken? Russian. Gina Venucci shoes? Russian, too. Gastronom Moscow? Not too Irish."

Brighton Beach is the hub of the largest Soviet émigré community in the United States. On the whole, Mr. Hrehus said, the only Russian-speaking officer assigned to the area, it is a peaceful community of hard-working, law-abiding recent immigrants. But there are those, he added, who are different. "See that store? You can buy guns there. And that one? Hot furs. That club? Gambling. The guy who owns that place? He's connected."

There are probably few sections of New York that are free of illegal activities. But interviews with law-enforcement officials, Officer Hrehus and several sources who live in Brighton Beach indicate the existence of a newly emerging network of organized crime based in the community's Russian émigré settlement.

LINKS TO K.G.B. SUSPECTED

Law-enforcement officials said they had not ruled out the possibility that those involved in organized crime had links to the K.G.B. or crime syndicates.

Of the 45,000 émigrés from the Soviet Union who have settled in New York since 1972, 25,000 live in the Brighton Beach area, according to Mark Handelman of the New York Association of New Americans. Most of them came to the United States seeking freedom and economic opportunity and are living within the law.

But a small number have formed what James L. Murphy, an assistant special agent of the Federal Bureau of Investigation, describes as "a loosely knit organized criminal community consisting of various groups who are knowledgeable of each other and willing to assist each other in criminal activities."

"We don't yet know the full scope of their activities," said Mr. Murphy, who is in charge of the F.B.I. office for Brooklyn, Queens and Long Island. "But we do know they are growing fast and that they have been very successful. We're talking about staggering amounts of money, in the multi-million-dollar range."

The "Russian Mafia," as some Brighton Beach residents call it, does not appear to have the sort of sophisticated structure that characterizes traditional organized crime.

"You don't have that level of hierarchy," Mr. Murphy said. "But if it's allowed to keep growing at the rate it's growing now, it will be very well organized in the years to come."

EMIGRÉS RELUCTANT TO TESTIFY

The spectrum of activities in which Russian organized crime is involved, according to law-enforcement officials and several sources in Brighton Beach, includes protection rackets, gambling, confidence schemes, counterfeiting, forgery and sales of licenses and travel documents, smuggling, burglary, armed robbery, drug and weapon sales, and murder.

"Most of this activity," Officer Hrehus said, "is directed against other members of the Russian community." The F.B.I. has the names of about 400 Russian immigrants who are suspected of being involved in organized crime, Mr. Murphy said. As many as 200 live in Brighton Beach.

Russian immigrants are believed to be involved in organized-crime activities not only in New York, but also in other cities in the United States, including Los Angeles, Philadelphia, Chicago and Milwaukee, as well as in Canada and Europe, according to Mr. Murphy.

Investigations by the F.B.I. and the police into Russian organized crime have been hampered by the reluctance of Russian émigrés to testify against suspected organized-crime figures or even to report crimes, the officials said.

"You have to understand the mentality," said Mr. Hrehus, the son of immigrants from the Ukraine. "In the Soviet Union, the last people you would go to for help would be the police. It took me a year to get them to the point where they would really tell me things."

Mr. Murphy said there was reason to believe that many Russian immigrants suspected of being involved in organized crime in the United States had also been involved in crime in the Soviet Union. He said the F.B.I. was investigating the possibility of a connection between the K.G.B.—the Soviet secret police—and those immigrants in organized crime.

"If you assume the K.G.B. has influence with the criminal element in the U.S.S.R.," Mr. Murphy said, "then it's safe to assume they have influence with criminals here."

James D'Amelio, a special agent in charge for the Secret Service, said that in the last two years as many as 100 people of Russian, Italian or Spanish-speaking backgrounds had been arrested in connection with a counterfeiting ring. "This is the first time we've arrested a substantial number of Russian émigrés," Mr. Amelio said.

THREE ESPECIALLY POWERFUL PEOPLE

The F.B.I. suspects that Russian organized crime may have been involved in the counterfeiting operation, Mr. Murphy said. The F.B.I. does not believe one person is in charge of Russian organized crime in New York. Mr. Murphy said, however, that "certain individuals have emerged as key figures."

A source in the émigré community, who asked not to be identified, said "there are three people who are especially powerful" and who are involved in extortion of protection money from legitimate businesses.

"They have bodyguards and collectors," the source said." "These people, whatever they say will get done." Among the activities the source said he had direct knowledge of were sales of weapons, cocaine and heroin, and the forgery and sale of false documents, including passports. He said a .25-caliber automatic pistol sold for $350, counterfeit taxi medallions for $5,000 and counterfeit hack licenses for $500.

ROLE IN KILLING STUDIED

Mr. Murphy and Officer Hiabus said this account was similar to what they had learned in their investigations. Mr. Murphy said there had been "a large number of shootings" among individuals suspected of involvement with Russian organized crime. One incident involving an émigré that attracted particular attention was the murder of Yuri Brokhin Dec. 6. Mr. Brokhin, author of "Hustling on Gorky Street," which dealt with crime in the Soviet Union, was shot in the back of the head with a small-caliber weapon in his apartment on East 49th Street in Manhattan. The police said that there was no sign of forced entry and that $15,000 in cash was found in the apartment.

Mr. Murphy said he suspected Mr. Brokhin was involved in organized-crime activity of some kind. "You also know that when that much money is left behind," he said, "you can eliminate certain types of criminals from the investigation." But what could not be eliminated from the investigation, he said, was the possibility of involvement by Russian organized crime, traditional organized crime or the K.G.B.

BENEFIT BLIGHT—ORGANIZED CRIME FINDS RICH PICKINGS IN RISE OF UNION HEALTH PLANS

(By Stanley Penn)

COMPLEX SCHEMES DRAIN OFF FUNDS INTO FIRMS RUN BY ASSOCIATES OF MOBSTERS (PALS OF "JIMMY THE WEASEL")

NEW YORK.—The ancient sins—prostitution, narcotics, loan sharking and gambling—may still be the classic specialties of organized crime, but its ringleaders adapt quickly to changing times and new opportunities. Right now, some of their most profitable and risk-free ventures consist of siphoning cash out of seemingly legitimate union health and dental-care plans.

The possibilities are limitless. As the provision of medical insurance has become a standard fixture in union contracts, the amount of money involved in group health plans has soared into the billions of dollars. And the rapid growth of prepaid dental-care benefits (now available to 61 percent of the employees of large and medium-size businesses, up from 50 percent only two years ago) has added to the tempting dollar board within the reach of unprincipled operators on the fringe of the health-service field.

Law-enforcement officials say that mob-influenced unions are hiring these sleazy operators to furnish prepaid health and dental-care benefits to union members at designated clinics. In return, the mobsters are getting kickbacks. Money is being drained from the benefit funds through falsified invoices for services not supplied, through exorbitant fees to "consultants" and through a variety of other gimmicks.

LOOTING ON A GRAND SCALE

Although the benefit funds are mostly financed with employer contributions and employer representatives usually serve as trustees along with union men, supervision of the funds is often lax, with little apparent concern for getting the best possible health service for the available dollars. Last year, after listening to extensive testimony from several state crime commissions that have investigated questionable business practices of health-care companies, Rep. Claude Pepper, the chairman of the House Select Committee on Aging, declared, "Employee benefit trust funds are being looted on a scale that few have dared to dream possible."

Yet there have been comparatively few successful prosecutions. Investigators say that the illegal operations often are shrouded in a maze of companies that are able to conceal the kickbacks and fund diversions through a flurry of seemingly legal transactions. "The companies look legitimate," says Martin Steinberg a former federal strike-force attorney and former chief counsel of the U.S. Senate Permanent Subcommittee on Investigations. "There is no obvious embezzlement—no obvious conversion of funds."

Moreover, many states don't closely regulate the service companies that administer the claims or provide the dental-medical benefits, or both. And the Labor Department, which has broad enforcement powers over the actions of union benefit-plan trustees under the Employee Retirement Income Security Act (ERISA), has been none too zealous in its policing activities, according to many critics. "By habit, tradition and inclination, the Labor Department has tended to avoid adversarial encounters with big labor unions and their big employee benefits trusts," said a 1981 report by the Senate investigating subcommittee.

HIRING MORE LAWYERS

That has changed since the Reagan administration came in, asserts Jeffrey N. Clayton, the administrator of pension and welfare benefit programs for the Labor Department. He says his agency has shown a greater "willingness to go after corruption in employee benefit plans" and points to the department's addition of 10 or 11 lawyers to press civil suits for violations of ERISA.

But, to date at least, the most detailed information about the alleged links of criminal organizations with union health-care systems has emerged from the legwork of state crime commissions, particularly those of Pennsylvania and New Jersey.

One of the organizations that have attracted investigators' attention is Labor Health Plans Inc. of Chicago. Over the last 10 years, Labor Health says it has organized dental-care plans for about 20 unions, covering 40,000 to 50,000 members. Angelo Commito heads Labor Health Plans.

Aladena "Jimmy the Weasel" Fratianno, a self-admitted ex-Mafioso who has testified as a protected government witness in criminal trials of Mafia figures, testified under oath at a Pennsylvania Crime Commission hearing last year that he attempted to help Mr. Commito obtain health-care plan contracts in Ohio and California. To this end, Mr. Fratianno said he urged Jackie Presser, a Cleveland-based Teamsters vice president, to see what Mr. Presser could do for Mr. Commito.

THE IMPORTANCE OF "CONNECTIONS"

In a telephone interview, Mr. Fratianno says health-care operators "come to people like us. We have connections—with unions like the Teamsters expecially. I knew all the labor guys. Commito didn't know them. I would make introductions."

The Pennsylvania Crime Commission, in a December 1981 report on its investigations, said Mr. Commito's "usual procedure" in getting dental-care contracts with unions was to contact the local organized-crime family. "In the world of LaCosa Nostra, this contact is necessary protocol for anyone who wishes to do business in another family's territory," the commission said. Mr. Commito didn't testify at the commission's hearing.

Mr. Commito, through his attorney, said that Mr. Fratianno offered to bring in health-care plans for a fee but "didn't produce and didn't get paid" The attorney says that Mr. Commito's company attracts customers by giving "more benefits for lower costs. Union members are delighted, and union officials are pleased." Adds the atttorney, "Labor Health Plans is a legitimate, straightforward operation." Mr. Presser through his attorney, says he didn't meet with Mr. Fratianno and didn't do business with him.

One case that did go to prosecution involved the Laborers International Union of North America (AFL–CIO), representing nearly 500,000 unskilled and semiskilled construction workers. After a major federal investigation of alleged embezzlement of employee health-care and other union benefit funds, Angelo Fosco, the president of the union, Anthony ("Big Tuna") Accardo, a reputed Chicago crime boss, and 14 other individuals were indicted in a Miami federal court. The government charged that the defendants, sometimes through paper corporations, had been receiving kickbacks of 15 cents for each dollar paid into the employee benefit funds.

In June, six of the defendants were convicted, including two union officials and a former official. Messrs. Fosco and Accardo were acquitted.

An AFL-CIO spokesman in Washington says be believes that fraudulent health-care plans represent "a very small percentage" of organized labor's medical coverage.

The various state investigations indicate that where instances of fraud have been found, they were more likely to be in blue-collar rather than white-collar unions. That's because blue-collar membership generally doesn't use medical-dental services as much, possibly because of lesser awareness of the available benefits. Such unions are often inviting targets for operators wishing to inflate the number of patients' visits to justify large billings.

PADDING THE BILLS

The Pennsylvania crime commission, for example, contends that A.M.M.A. Health Center Inc., a Philadelphia-based concern that administered health-care benefits, wrongly inflated by $254,000 the value of services to Local 837 of the Industrial Workers Union, a Philadelphia affiliate of the Teamsters. Over a 28-month period, A.M.M.A. Health billed the employee benefit fund for $377,638, covering 5,307 alleged visits to doctors' clinics by union members, the commission said. However, commission investigators could document only 2,478 visits, valued at $123,000 in services performed. The Pennsylvania commission says it gave its findings on A.M.M.A. to the U.S. attorney in Philadelphia for investigation.

John Martorano, the administrator of A.M.M.A. Health, is the brother of Raymond ("Long John") Martorano, a longtime associate of the late Angelo Bruno, Philadelphia's former crime boss, according to the Pennsylvania commission's 1981 report. The commission said that Raymond Martorano also had been involved in "certain aspects" of A.M.M.A's operations. At one point, A.M.M.A. was based in the same one-story building in Philadelphia as John's Wholesale Distributors Inc., a tobacco-products outlet that employed Bruno as a salesman, the commission said. (Raymond Martorano was indicted by a New Jersey grand jury this summer for failing to appear before that state's Commission of Investigation. He has pleaded not guilty. A federal jury in Philadelphia earlier this year found him guilty of possession of drugs with intent to distribute.) John Martorano hasn't been accused of wrongdoing in connection with A.M.M.A. Health.

Howard H. Bucher, the administrator of Local 837's health and welfare fund, testified before the Pennsylvania commission that, prior to signing A.M.M.A., he made contact with other health-care providers such as Blue Cross/Blue Shield and found their costs prohibitive. However, the commission said that Mr. Bucher made contact with these health providers by phone and tried to obtain written bids. The commission added that, to its knowledge, the fund's officials apparently weren't aware that billings had been falsified. Mr. Bucher refused to comment.

NEW OWNERS TAKE OVER

James McElroy, the president of Local 837, says tht A.M.M.A. has been replaced. "Everybody is happy with the new owners," he says. "We had the premiums lowered." Mr. McElroy says that Raymond Silk, a Philadelphia physician, is one of the new owners.

Dr. Silk says that Health Affairs Inc., of which he is a part owner, purchased A.M.M.A.'s health contract with Local 837's fund last year. He won't disclose the price paid. According to the Pennsylvania Crime Commission report, Dr. Silk at one point had been the medical director of A.M.M.A., while his Broad Street Hospital was a clinic through which A.M.M.A. gave health care. Moreover, the commission report notes, Dr. Silk had invested $2,500 in A.M.M.A., while John Martorano invested $5,000.

The Bruno Philadelphia gang also had close ties with the leadership of another union—Local 170 of the Hotel Workers union in Camden, N.J., according to testimony at a hearing by New Jersey's Commission of Investigation in December 1980. The testimony concerned Ralph Natale, who served as secretary-treasurer of Local 170 as well as the co-chairman of its health and welfare fund. Natale currently is serving a 12-year prison sentence for arson.

A TOUGH GUY'S TESTIMONY

Charles Allen, a protected government informer, testified that he was Natale's former bodyguard and that his duties had included "burning businesses down, beating up people, hijacking, things like that." Mr. Allen said that Natale had hoped to let his cousin operate the dental-care plan for Local 170's members, but was overruled by crime boss Bruno, whom Mr. Allen quoted as having said, "No, Ralph your cousin's not going to have the dental plan. Larry Smith is going to have it."

Mr. Smith is the head of Rittenhouse Consulting Enterprises Ltd. in Cherry Hill, N.J. Testimony before the New Jersey commission showed that Rittenhouse, a consultant to the health fund of Local 170 on medical and hospitalization matters, was hired as consultant by North American Dental Plans Inc. In an interview, North American says it retained Rittenhouse to arrange dental-care services for Local 170 members and that no compulsion was involved.

Mr. Smith was asked by a commission investigator, "Isn't it true that Ralph Natale contacted (North American Dental) and said if you want a contract with any unions in New Jersey, you're going to have to use Lawrence Smith?" Mr. Smith said he doubted Natale ever said that. A spokesman for Joseph Cusamano, the head of North American Dental, said in an interview that Mr. Cusamano had met Natale casually both had never discussed with him any demand the North American must use Mr. Smith to get dental business with unions.

DID BRUNO GET A CUT

Whatever the truth of the matter, New Jersey's crime commission found that Rittenhouse's Mr. Smith profited handsomely from Rittenhouse's consulting work for various unions. In 1978, the commission said, Rittenhouse revenues totaled $631,000; of that, Mr. Smith took out $408,000 in salary and "loans," according to the commission's findings.

In tracing Rittenhouse's disbursements, commission investigators contended in their report that $153,000 had disappeared. Mr. Allen, the government informer, testified that he saw Mr. Smith of Rittenhouse give cash to Natale, who, Mr. Allen said, shared the cash with crime boss Bruno. Mr. Allen said he was in a Philadelphia restaurant operated by someone called Johnny Cupcakes when he saw Mr. Smith give Bruno an envelope, whereupon "Angelo smiled and thanked him."

Mr. Smith, who hasn't been charged with any wrongdoing, denied to the commission that he gave money to Bruno or Natale. Natale was described as a "casual acquaintance" by Mr. Smith, who said he once met Mr. Allen, the informer, outside Natale's home. Boss Bruno was murdered in 1980. Mr. Smith wouldn't return phone calls to his office by this reporter.

Local 170, according to the commission, changed its name to Local 33 to remove a "bad image." Subsequently, Local 33 was absorbed into Atlantic City, N.J., Local 54 of the Hotel Employees and Restaurant Employees Union. The U.S. Senate investigating subcommittee in June heard allegations by law-enforcement officials at a public hearing of organized-crime influence in the union.

MORE FINANCIAL DATA SOUGHT

Some states have been tightening regulations of dental and health-care companies, including imposition of limitations on how much may be spent to administer such plans. A bill pending in New Jersey would tighten its law by requiring disclosure of fees paid to "consultants" and "finders" linked to dental-plan companies. Also, these companies would be forced to make fuller disclosures by furnishing yearly, detailed financial statements prepared by certified public accountants.

Even so, the effectiveness of tougher state laws is open to doubt. "The states are so tied up with violent crime, they don't have any time to get into this," says a former federal prosecutor who fought labor racketeering. "The states don't have trained manpower," he adds. "You need people who understand complex financial schemes."

However, in some instances disclosures made by state investigating commissions have produced the impetus needed to effect changes in union dental and health-care plans. In New Jersey, after it was revealed that a reputed organized-crime member had a "no-show" job at one of the state's largest dental-care organizations, the concern, which provided service for 18 unions, filed bankruptcy proceedings. Evidence developed by the state group also enabled federal strike-force attorneys to obtain convictions for a $200,000 fraudulent-loan scheme by one of the dental clinics that victimized Chase Manhattan Bank.

Mob Alliance To Share Casino Riches Reported

(By Joseph B. Treaster)

Atlantic City.—With fabulous riches pouring into this old resort city from casino gambling, the major organized-crime "families" of New York and Philadelphia have formed an alliance to share the wealth, law-enforcement officials have concluded after more than four years of constant surveillance and investigation.

"They've set up a kind of free-trade zone," said George E. Wilson, who heads the Camden field office of the Federal Justice Department's Strike Force on Organized Crime.

The arrangement, based on mutual need, available assets and opportunity, permits the mobsters to concentrate on illicit enterprises in the booming resort without the distraction of intramural strife, Mr. Wilson said.

"It's just a matter of good management," Mr. Wilson said.

Law-enforcement officials—who have eavesdropped on the mobsters' telephone conversations, bugged their meeting places, staked out their homes, shadowed them and gathered still more detail from informants—said they saw signs two years ago of a war developing among the crime families. At issue was control of Atlantic City, which has traditionally been the domain of the Angelo Bruno crime group of Philadelphia.

But the absence of violence in all the groups except the Bruno family and evidence that the New York families are operating side by side with the Bruno family in Atlantic City pursuades the officials that an alliance has been forged.

In dozens of interviews over the last two months, law-enforcement officials said they were convinced that organized crime had been kept out of the ownership and management of the casinos.

But the mobsters have broadened their beachhead in Atlantic City, and an army of several hundred investigators is fighting to keep them from infiltrating and manipulating the casinos through labor unions and the thousands of businesses that supply goods and services to the casinos.

Despite all efforts, law-enforcement officials say, the mobsters have taken such actions as these:

Infiltrating a handful of legitimate businesses that provide the casinos with such things as limousines, linen, meat, produce, entertainment, vending machines and cleaning services.

Beginning to organize the casino security guards, who watch over hundreds of thousands of dollars and who have extraordinary leverage because State law prohibits the casinos from opening for business without a full compliment of guards on duty. The mobsters are also reported to have obtained control of the largest of the unions representing casino employees. Local 54 of the Hotel Employees and Restaurant Employees International Union. The union denies this.

PAYING FOR LABOR PEACE IN THE RUSH TO OPEN

The construction of the nine casinos cost $1.5 billion. It could have been considerably less, but the casinos' owners were in a hurry to open. They say the money flooding into the first casino, Resorts International, and they wanted to share. Many turned to what is known as "fast track" construction: working crews around the clock, with architects sketching plans only hours before they were implemented.

The last thing any project manager wanted was labor problems.

"We know payments were made for labor peace," said one investigator. Some of the payments, the authorities say ran to $200,000.

Several agencies are investigating contractors, subcontractors and some of the nearly dozen construction unions. They are looking for bribes, overbilling, kickbacks, payroll padding, no-show jobs and payments to welfare funds.

T. Barry Goas, a deputy state attorney general in charge of prosecuting casino matters, estimates that serveral hundred people have been involved in the credit swindles. He would not talk about organized crime, but several investigators said all five New York families, predominantly the Gambino and Genovese families, had been involved. Some of the money, the investigators say, has gone to finance loan-shark operations and illicit gambling casinos in New York City.

All the swindlers have used roughly the same technique. First, the swindler inflates his bank account with borrowed money and lies about his work history to convince the casino he is a good credit risk.

After obtaining $4,000 to $10,000 in credit, the swindler plays several times, always appearing to lose and always repaying. The swindler usually plays craps, with bets of about 50-50 odds. A collaborator bets opposite the swindler, so the two players cancel each other out with no bet loss or gain. The benefit to the swindler is that he gives the impression that he is an active player who conscientiously repays his debts. The casino invariably increases the amount of credit.

When the swindler has perhaps $75,000 in credit, he appears to lose again. But this time he and the other player slip their chips to other collaborators. Eventually the team of three or four swindlers cashes the chips in and leaves the casino.

So far, Mr. Goas estimates, the swindlers have got away with a total of about $10 million. This is less than 1 percent of the more than $1 billion that the casinos extended in credit last year.

"It may not be a lot of money to the casinos," said Mr. Sturges, "but to law enforcement, it's a lot of money going into the wrong hands. It's quite a bit of seed money."

So far, Mr. Goas said, 34 persons have been indicted, including one middle-level credit executive at Bally's and two at Caesar's.

For many people, the natural point of comparison for Atlantic City has been Las Vegas—for years the symbol of casino gambling in the United States. Both cities thrive on the promise of fast money that the gaming tables offer. Both have been magnets for organized crime.

So far, however, there has been a striking difference in the way the mob operates in Atlantic City and in Las Vegas, the authorities say.

"Out here," said an F.B.I. agent in Las Vegas, "we have a situation where the organized-crime people are actually in control of several casinos. They're on the inside looking out. In Atlantic City, organized crime seems to be on the outside looking in."

Collecting hundreds of thousands of dollars in payoffs from the construction industry as insurance against strikes and vandalism during the race to build gambling halls after the first casino began taking in $300,000 a day.

Swindling the casinos out of nearly $9 million by obtaining chips on credit, then converting the chips to cash and ignoring the debt.

Multiplying their activity in the additional organized-crime pursuits of loansharking, narcotics sales, prostitution and illegal gambling on sports events and numbers.

Most forms of gambling have been illegal in most of the United States since the earliest days, but is has been a flourishing business that by default has been run by the underworld. Shortly after World War II, (Benjamin Bugsy) Siegel, who had been an organized-crime killer, bootlegger, bookmaker and hijacker, built the first of the plush gambling casinos in Las Vegas, Nev. The Federal Bureau of Investigation says mobsters remain deeply entrenched there.

REGULATIONS INTENDED TO EXCLUDE MOBSTERS

New Jersey voters approved state-controlled gambling in Atlantic City by referendum in 1978 on a promise that the casinos would be restricted to Atlantic City and that they would be tightly regulated, with the intention of excluding mobsters.

The State Legislature created a Casino Control Commission to license and supervise the operation of the industry and a Division of Gaming Enforcement to investigate individuals, companies and unions in the industry. The two agencies have a total of 925 employees including 265 investigators.

The commission, appointed by the Governor, consists of a chairman, who is paid $65,000 a year, and four commissioners, who each receive $60,000. Originally, all but the chairman served part time at $18,000 a year.

But that was changed after the commission's integrity came into question in the Abscam investigation. Senator Harrison A. Williams Jr., who later resigned from office, boasted on videotape that he could win favorable treatment from the commission's chairman. The vice chairman was accused of failing to report an offer of a bribe and resigned.

In addition to the Division of Gaming Enforcement, the Atlantic County Prosecutor's office keeps an eye on the casino industry, as do about 100 Federal agents from the Federal Bureau of Investigation, the Drug Enforcement Administration, the Bureau of Alcohol, Tobacco and Firearms, the Internal Revenue Service and the Department of Labor.

Last spring the United States Attorney for New Jersey opened a field office in Atlantic City.

With investigations into the casino owners, managers and most other employees behind them, the investigators have been focusing in recent months on the unions and the companies that do business with the casinos.

"The unions kind of have a hammer over management's head in the casinos," said Lieut. Col. Justin J. Dentino, the executive officer of the New Jersey State Police and an expert on organized crime. "You're talking about businesses with a cash flow of half a million dollars a day. A place like Bally's is paying $80,000 a day interest on loans. That's a big nut. They can't afford a work stoppage. The potential for extortion is great."

When the mobsters take over a legitimate business, says Martin B. Danziger, a member of the Casino Control Commission, they rarely operate it legitimately. "They will kick back to get business," he said, "They'll try to squeeze out the competition through the use of money from their illegal activities or through pressure."

SOME "HARD EVIDENCE" OF INFILTRATION REPORTED

The New Jersey Casino Control Act requires the casinos to notify the Casino Control Commission of every company with which they do business. So far the casinos have reported more than 7,500 companies. Investigators look at the initial contract between a casino and a company to see what individuals are involved. They also check the credit references of the principals of the company to see if they have criminal records or are listed in police intelligence files as being associated with organized crime.

If a company does an annual business of at least $50,000 with one casino or $150,000 with the industry, it must be licensed. By now the Division of Gaming Enforcement has completed the investigation of about 70 percent of the more than 1,100 companies deemed to require licenses.

Robert B. Sturges, the Acting Director of the Division of Gaming Enforcement, says investigators have found "hard evidence" of organized crime's infiltration into about a dozen companies and have recommended that they not be licensed. Most of these companies have stopped dealing with the casinos, he said, but some are appealing the findings and have not been forced to sever their ties.

About 10 other companies withdrew their license applications, Mr. Sturges said after investigators found evidence of organized-crime association among the principals.

The agreement that the organized-crime families have worked out in Atlantic City has evolved gradually, law-enforcement officials say. Early on, the authorities believed that Angelo Bruno of Philadephia had agreed to share the spoils of Atlantic City with the Cario Gambino family of New York. But then, as a split developed in the Bruno family, with some members aligning with the Gambinos and others with the Vito Genovese family of New York, the Gambinos withdrew from Atlantic City.

When Mr. Bruno was killed with a shotgun blast as he sat in a limousine in front of his home in Philiadephia on March 21, 1980, many experts on organized crime thought it was the start of a mob war. Now, however, with a dozen members of the Bruno family having been murdered, many experts believe that analysis was wrong. "If this was a war, it would be the first time in the history of the world that all the casualities were on one side," said Dennis M. O'Callaghan, the head of the F.B.I.'s organized crime squad in Philadelphia. "You've got Bruno people killing Bruno people. This is very definitely a power struggle within the family.

These days, law-enforcement officials say, both the Gambino and the Genovese families are operating in Atlantic City along with the Bruno family, and they say they have also seen evidence of the presence of the less powerful New York families of Joseph Colombo, Thomas (Three Finger Brown) Luchese and Joseph Bonanno.

Law-enforcement officials say that no family boundaries have been drawn in Atlantic City as they have, for example, in parts of New York City; no family appears to have a monopoly in any field of legitimate business.

THE UNIONS KIND OF HAVE A HAMMER OVER MANAGEMENT'S HEAD

(By Lt. Col. Justin J. Dentino)

It seems clear, the officials say, that loan-sharking, narcotics, bookmaking, and prostitution have been left in the hands of the Bruno family, perhaps out of deference to the family's involvement with these activities long before the arrival of casino gambling.

After Mr. Bruno's successor, Philip Testa, was killed by a bomb last March, leadship of the Philadelphia family fell to Nicodemo (Little Nicky) Scarfo, a short, swaggering former Philadelphian, Mr. Scarfo was exiled to Atlantic City by Mr. Bruno after having served six months in prison for stabbing a man to death in a Philadelphia diner in an argument over a booth.

Mr. Scarfo ran the Bruno family from a modest, brick front apartment house in Atlantic City, two blocks from the Boardwalk convention center until Aug. 17, when he was sent to Federal prison for illegal possession of a pistol. The authorities say it is not clear whether Mr. Scarfo will be able to maintain control from prison.

Of the nearly 30,000 casino employees, the security guards are of greatest concern to the casinos and authorities. If the guards went on strike, it would not be a matter of trying to make do with supervisors and management substitutes because the law required a complement of guards.

So far, four groups have tried to organize the security guards. The authorities say each group has included either men with criminal records or organized-crime connections, or men who were convicted of felonies while they sought to organize the guards.

The most successful of the security-guard union locals in Atlantic City, the authorities say, was established and initially financed by Daniel M. Cunningham, the president of two guard unions with headquarters in Great Neck, L.I. Mr. Cunningham was convicted in June on Federal charges involving labor organizations in New York, and bribing a Department of Labor investigator.

Kenneth M. McCallion, a Federal prosecutor in New York, said Mr. Cunningham had been "basically fronting" for John (Sonny) Franzese, a reputed member of the Colombo crime family, when he formed the local in Atlantic City. Previously, Mr. McCallion said, Mr. Cunningham had had business dealings with members of the Gambino Genovese and Bonanno crime families.

Three members of the Atlantic City Police Department established another guards local. Two of the officers were convicted late last year of embezzling union money. The third, who testified against the others, admitted at the trial that he had arranged a real estate deal for a crime figure from Canada whom he was supposed to be investigating. During the trial, Mr. Wilson of the Justice Department's Camden field office described the local as a front for the Angelo Bruno crime family.

Before gambling came to Atlantic City, Local 54 of the Hotel Employees and Restaurant Employees International Union consisted of about 2,500 bartenders and waitresses, most of whom worked only during the summer months, when vacationing families strolled the Broadwalk.

These days the union represents more than a third of the nine casinos' nearly 30,000 employees. The state police contend that Mr. Scarfo, the head of the Bruno family, controlled the union through a close relationship with its president, Frank Gerace.

Mr. Sturger, the acting director of the Division of Gaming Enforcement, has been arguing in a series of hearings before the Casino Control Commission that Local 54 is unfit to represent casino workers because of Mr. Scarfo's influence and because several of the union's officials have criminal records.

Bernard Katz, a lawyer from Philadelphia who represents Local 54, says the allegations against the union are "scandalously untrue."

Neither state nor Federal law prevents former convicts from serving as union officials, but a provision of the New Jersey Casino Control Act provides that on several grounds, including involvement with organized crime, the state can deny a union the right to collect dues and to administer welfare and pension funds. These restrictions effectively put the union out of business.

Senator NUNN. I believe that was from the Philadelphia Crime Commission. If that could go in the record at that point.

Mr. CHANCE. I would like to summarize the statement that I have introduced to the Senate.

I would like to begin by explaining that in Atlantic City, in labor racketeering since the casino legislation was passed, there have been three phases of organized crime attempts to control the casino industry through labor racketeering.

The first phase dealt with the construction of the casinos and an attempt by the Philadelphia La Cosa Nostra faction to take control of the Building Trades Council in Atlantic City; the second phase was the consolidation of power by Nicodemo Scarfo in Atlantic City and taking over local 54 of the Bartender's Union and placing in that union individuals and administrators who would run the benefit plans; the third phase of organized crime activity in labor unions in Atlantic City was the several attempts by the Genovese organized crime family from New York to take control of some of the benefit plans of the casino union employees.

I would like to spend a minute to talk about the construction phase because the casino industry and the construction industry both are industries similar to the waterfront industry which had been identified by this subcommittee in hearing in 1981 and has already been determined to be an industry that is vulnerable to the influences of organized crime. If we can take a look at the construction phase of the casinos in Atlantic City we will see how that happened.

At the end of the construction boom in Atlantic City nine casinos were built at a cost of $1.5 billion. In addition there were $200 million in other improvements to personal property. If we take a look at organized crime activities during that period of time, we will see how they used that to their advantage.

When the casino legislation was passed in 1976, there was mass hysteria in Atlantic City. There was boomtown mentality. Everybody wanted to get rich quick. The city was overrun with land speculators, real estate developers, con artists, and all kinds of organized crime figures all trying to cash in on the casino boom.

Thirty proposed casinos were announced. In the New York Times it was reported that labor peace was for sale in Atlantic City and as much as $200,000 may have been paid for one project alone. It was imperative that casino developers not be delayed in the construction schedule because of the economic conditions of the time.

When the casino construction boom started the prime interest rate was only 6¼, but during the construction boom the prime rate rose to a high of 20. If we were to take the nine casinos that have been built for a cost of $1.5 billion, and look at them individually, the Sands Casino cost about $70 million, but both the Tropicana and Balley Casino in Atlantic City cost over $300 million each to finance those projects. If we look at the cost of financing one of those projects in 1980, when the prime rate was 20 percent, we can see why labor peace was so necessary.

A developer who would have to borrow $200 million to build a casino in Atlantic City at 20 percent he would be paying $4 million a year in interest alone. That is over $300,000 a month just for interest.

If we add to that the fact the first casinos to open in Atlantic City reported their daily win was in excess of $500,000, we can see why organized crime wanted to control the Building Trades Council and sell labor peace. If a developer was delayed in the construction of a casino for 1 month, he lost not only $300,000 in extra interest, but $15 million in lost revenues to the casino owner.

So, in short, organized crime in Atlantic City knew that it would be good business to do business with the Building Trades Council. Our sources told us that Nicky Scarfo, at this time, created a construction company and started to bid for jobs on the casino construction sites and that eventually he and Salvatore Merlino, who operated Nat-Nat Construction, worked on five of the nine casinos built in Atlantic City.

We learned at that time, there were large-scale employee ghost operations on those casino projects and it was most significant to note that we have seen that there were no labor problems on any of the casino projects where either Mr. Scarfo or Mr. Merlino were working. There were many attempts by organized crime people, primarily through the influences of John McCullough to take control of the Building Trades Council.

However, I must advise the subcommittee that the Building Trades Council and its member organizations are not now and never were under the control of organized crime. They had been influenced by organized crime. There are many honest and dedicated union men in the Building Trades Council and some of the men would not give up the welfare of their members for the benefit of organized crime.

With the end of the construction phase came the end of the first phase of organized crime activities in Atlantic City. The second phase was the consolidation of power by Nicodemo Scarfo in local 54 and appointing some union officers, namely Frank Gerace and Robert Lumio, a made member of the Bruno organized crime family, appointing them to the two most important positions in the union.

As a result of that some of the benefit plans of local 54 were transferred to an administrator who had already been identified by the State Commission of Investigation in New Jersey as a man who was using the influence of organized crime to obtain contracts to administer those plans and also paying kickbacks to organized crime officials. As a matter of fact, today is Thursday, on Tuesday of this week, my offices in Camden indicted an individual whose name is Lawrence Smith and he owns a company called Rittenhouse Consulting Enterprises and he has been indicted by the Federal Grand Jury on Tuesday for doing just that.

This does not include local 54. It includes one of the former unions that had been merged into local 54, namely local 170 of the Bartender's Union. Mr. Smith has been indicted for using the influence of Angelo Bruno to obtain contracts to administer severance funds of the several unions in the Philadelphia and South Jersey area and receiving kickbacks in exchange for the placement of insurance and then paying bribes to union officials.

I would like to introduce a copy of the indictment into the record at this time.

Senator NUNN. Without objection, it will be so admitted.

[The material submitted was marked for "Exhibit No. 15," for reference, and is retained in the files of the subcommittee.]

Mr. CHANCE. The third phase of organized crime activity was the number of attempts taken or made by organized crime people to take control of the other benefit plans of local 54, but before I leave this area there is a very disturbing thing that has occurred in Atlantic City as a result of the investigations of local 54.

It may have implications far and wide outside of Atlantic City also. In the past several years there have been an increasing number of attacks on witnesses and law enforcement personnel involved in the investigation of organized crime. A Federal judge was murdered in Texas, a Philadelphia police officer was put under protective custody after threats were made against him. In New York the FBI agent who infiltrated the mob was threatened with death. In the Fulton Fish Market in New York a witness was shot five times, and in Alantic City, the father of a protected witness was shot in the face in an attempt to silence his son. This is a disturbing trend and is causing concern in the minds of our citizens and in us in law enforcement as well. The institutionalized use of violence may be attributed to the change that is occurring in the old bosses in the traditional LCN families to newer, younger and more aggressive bosses and also to the large scale drug dealings that organized crime is now involved with. The violence that has always been associated with the narcotics trade is now associated with the overall organized crime picture.

I think we have to tell the American public that this romantic illusion of Don Corleone, the Docile Don, is now more false than at any time before. Organized crime in the United States today is just a group of vicious, greedy, and murderous criminals who are interested in only making a profit from their crimes and doing that from making victims out of us. I would like to give you an example of what happened in Atlantic City last year.

Joseph Salerno Jr. testified before this subcommittee in June of 1982. Then we asked him to assist us in the Government's investigation of local 54 in Atlantic City. Before he was able to testify for us, his father was shot in the face, in an apparent attempt to silence him. I interviewed Mr. Salerno in the hospital the next day. He told me that he knew he was shot in retaliation for his son's testimony before this subcommittee and to prevent his son from testifying again for us. He told me he would forbid his son to cooperate with the Government and he asked me to close all the cases that we had against Nicodemo Scarfo.

He said if we continued to investigate Scarfo that someone would come back and try to kill him again and that we could not protect him. This atmosphere of violence and fear is what makes organized crime so successful in our country today. It makes our citizens afraid to cooperate with us and it prevents us from getting witnesses in organized crime cases.

Shortly after the shooting, Nick Scarfo and several of his associates were parading around Atlantic City in jogging suits, which was similar to the description of the gunman who shot Mr. Salerno.

Senator NUNN. On that point, do you have any specific suggestions as to how this can be dealt with more successfully than we have in the last few years, these threats of violence to witnesses and so forth?

Mr. CHANCE. Yes, sir. I do. However, Senator, I have been a State trooper for 15 years. I have to advise you that my recommendations are the recommendations of a policeman who works the streets and deals with these problems firsthand. They may not be the recommendations of the department or the administration.

Senator NUNN. I understand that. Just your personal views. We understand you are not speaking for the whole department on this.

Mr. CHANCE. My personal opinion, Senator, is that this Government has to send the message out to all the Scarfos of the United States, that we have to tell them that we will not be intimidated by organized crime, that we will not stop our investigations of them, that we will continue and that we will be very aggressive in our attacks on organized crime.

I think they have to understand that we, as we understand, that the preamble to our constitution places a certain responsibility on us, to provide for the common defense and provide for domestic tranquility. We have that obligation. We are going to fulfill that obligation.

I think that legislation that creates severe mandatory penalties for persons who attack a Government official, strike force attorneys, the witness or family of a witness, these persons must be dealt with with force and with very severe long-term mandatory sentences without parole. They must get the message that we will not tolerate this kind of activity in our society.

Senator NUNN. I have a bill now that would make it a felony to have, for any law enforcement member of any law enforcement family to be in any way intimidated or threatened with violence or given any violent treatment. Do you think that might help spreading the felony protection to the members of the family?

Mr. CHANCE. Yes, sir. I do.

Senator NUNN. How about the members of families of witnesses?

Mr. CHANCE. Absolutely sir. I think we have already seen the thing that is most disturbing to me is that I believe that this is the first time that the family of a protected witness has been attacked in order to silence the witness. Unfortunately it worked. Mr. Salerno refused to cooperate with us after his father had been shot.

Senator NUNN. It seems to me that when that happens there ought to be a descending of the whole Federal strike force effort in the direction of where that particular family or that particular organized group is operating.

When there is a witness that is intimidated, when there is a witness that is shot, when there is a law enforcement official that is threatened, when there is any kind of judge shot or in any way threatened, it seems to me that whatever else is happening ought to be secondary to a very, very thorough intensive sweeping effort for as long as necessary in that area.

Mr. CHANCE. Senator, the organized crime strike force that I work with in Camden has the number one priority of dismantling the illegal operations of the Scarfo group. We are working very diligently to do that. That is our priority, sir. That is what we are doing.

Senator NUNN. Was that in response to the intimidation? Was it intensified after that?

Mr CHANCE. When were already underway in that area. But we certainly did intensify our efforts after the shooting of Mr. Salerno. Yes.

Senator NUNN. Does that kind of intensification have the backing of people through the Justice Department?

Mr. CHANCE. Oh, yes. Absolutely.

Senator NUNN. Labor Department?

Mr. CHANCE. Labor Department, Justice, FBI, Secret Service, Customs, everyone in the Federal, State, New Jersey State Police, everyone in law enforcement in that area has the same goal and priority.

Senator NUNN. Do you think the message has gone out then that that kind of act will not be tolerated? Do you think the Federal Government has done what we should have done in the Salerno case or do you think other things could have been done or should still be done?

Mr. CHANCE. The gunman of Mr. Salerno has not been located. If he is, then the crime that would be a Federal crime would be an obstruction of the case that we had for which his son had been subpenaed. There is no law that I am aware of where the attacking of the family of the potential witness or witnesses is a crime. So as you said, the legislation that you had suggested would solve that problem.

Senator NUNN. Go ahead. I interrupted you.

Mr. CHANCE. In response to the shooting I contacted other law enforcement agencies in the Philadelphia, South Jersey area and asked them if they had done any work on Mr. Scarfo since the time he had been placed on bail with an order to associate with criminals. Last year without notice, we were advised by a Federal Court Judge in Camden that he would consider a bail revocation hearing if we could produce evidence that Mr. Scarfo had consistently violated his bail. To show you how well our strike force did work, within 1 hour we had 20 agents and detectives from 8 law enforcement agencies who came into the Federal District Court in Camden and produced evidence of the continuous violations of Mr. Scarfo's bail and as a result of that, his bail was revoked and he is now currently in Latuna, Tex., about 2,000 miles away from the Salerno family.

Senator NUNN. How long is Mr. Scarfo's sentence?

Mr. CHANCE. He was given a maximum sentence of 2 years. We are very fortunate in Camden that our district court judges understand the problem of organized crime and also narcotics. In the 2 years that I have been there, the district court judges in Camden have given maximum sentences that were available to them to some people who were involved in organized crime and narcotics activities. This is another way that we are sending the message to organized crime.

[At this point, Senator Roth entered the hearing room.]

Senator NUNN. Thank you very much.

We will go ahead with the next statement and then we will come back for questions.

Mr. WREN. Good morning, Mr. Chairman, members of the subcommittee, my name is Raymond A. Wren, special agent in charge of the Office of Organized Crime and Racketeering for the Labor Department in Newark, N.J.

Organized crime dominates or has influence in many Teamster locals, labor locals, and ILA locals in the State of New Jersey. Organized crime's control of these locals, of these labor organizations and their affiliate benefit plans in the State of New Jersey has resulted in diversified criminal activities which are limited only by the imagination of the corrupt unionist. However, during the last 10 years there has been a distinct turn to the benefit plans by organized crime and the reasons are obvious.

Considering the great increase in fringe benefit enumerations, in the last 20 years the racketeering potential is impressive.

The Genovese crime family is the most active organized crime family in the northern New Jersey area. The Genovese crime family, which has its roots in New York City has domination and/or influence in local labor organizations in the Teamsters, International Longshoremen Association, Laborers, and Construction Trades. Matthew "The Horse" Ianniello, a CAPO in the Genovese crime family controls local 560 IBT, which is the stronghold of the Genovese crime family in New Jersey.

Ianniello has controlled local 560, through the Provenzano brothers, Anthony, Nunzio, and Salvatore. The Provenzanos have great influence not only in local 560 but by virtue of the Provenzano's position on joint council 73 IBT, they have influence in the approximately 35 member locals that comprise joint council 73. The New York based Genovese crime family also has control over non-Teamster locals such as laborers, construction trades, and the ILA in northern New Jersey through members of the Genovese crime family in New Jersey, that is, Louis Anthony—Bobby—Manna, Tino Fiumara, John DiGilio, and Andrew Gerardo.

Louis Anthony Manna is a soldier in the Genovese crime family. Manna controls some laborers locals and construction trades locals in the Hudson, Bergen, and Essex Counties of New Jersey. Manna is not a union official himself, but is able to control these locals by his influence over certain officers in these locals. Manna, with a record for loansharking came into prominence in the early 1970's when he refused to answer questions before the State of New Jersey Crime Commission of Investigation which was investigating organized crime in New Jersey. Manna was incarcerated from 1972 to 1977 because of his refusal to answer questions before the New Jersey SCI.

Tino Fiumara is a soldier in the Genovese crime family who was closely alined to Peter La Placa, a New Jersey Capo—deceased—in the Genovese crime family. Like Manna, Tino Fiumara has never held a position in a labor organization, but still controls locals in the ILA. Fiumara is presently serving a combined 25-year sentence as a result of conviction in the southern district of New York and the district of New Jersey.

In October 1979 Fiumara was convicted of extortion—FBI case—of a Parsippany, N.J. restauranteur to insure labor peace. Fiumara was also indicted, tried, and convicted under a 245-count indictment in SDNY—FBI case—with Mike Clemente, a former ILA official, of receiving bribes from shipping companies and firms that sell supplies to ship repair firms in the New York and New Jersey area.

Fiumara was the central figure in a network of criminal activity in the New Jersey waterfront and in New Jersey's trucking and shipping industries in such areas as gambling and loansharking. Although Fiumara is incarcerated he still maintains control of the Newark waterfront through his associates.

John DiGilio is a soldier in the Genovese crime family who was an associate of Tino Fiumara, prior to Fiumara's incarceration. Like Manna and Fiumara, DiGilio does not hold a position with labor organizations. Despite this lack of union officership, DiGilio has direct control of construction locals in Hudson County, N.J., and in addition, DiGilio has control of the Bayonne, N.J., waterfront.

DiGilio was convicted in July 1975 of theft of Government documents in that he arranged to have his file stolen from a local FBI office. DiGilio has been indicted on numerous occasions. DiGilio was indicted in 1973 with Frank "Funzie" Tieri, a former head of the Genovese crime family. While charges were pending in the extortion case, DiGilio was indicted along with others in the aforementioned theft of Government document's case. DiGilio was acquitted of the extortion charge. In 1974, DiGilio was indicted with others with conspiracy and obstruction of justice.

DiGilio was again acquitted. During the two trials that led to the acquittals, DiGilio claimed incompetency to stand trial and participate in court hearing. Today, DiGilio stands indicted in a loansharking case dating back to 1978 in Morristown, N.J. This case has remained untried because of an ongoing series of hearings in Federal and State court on DiGilio's mental and physical competency to stand trial.

In addition, Andrew Gerardo, also know as Andy Gerard has control of business managers and business agents in some of the major construction trade locals in New Jersey. Reportedly anyone having problems with construction trade locals in Atlantic City can have them resolved by seeing Gerardo.

The DeCavalcante crime family which is New Jersey's only homebred organized crime family is under the control of John Riggi who is business manager of local 394 of the Laborers in Elizabeth, N.J.

The DeCavalcante's family influence in New Jersey labor racketeering is well documented in Federal wiretaps. In the FBI's DeCavalcante wiretaps made public in 1969, Riggi is identified as a Capo in the DeCavalcante organization. The tapes also documented that Riggi's appointment as business manager of local 394 was pushed through by Sam DeCavalcante, the former boss of this crime family when the then present business manager failed to supply jobs for the unemployed soldiers from the Newark-based faction of the organized crime family of the late Carlo Gambino. Riggi exerts great influence over the construction locals and industry in the Union and Middlesex Counties of New Jersey.

I will discuss now some recent labor racketeering convictions in New Jersey.

Local 560 IBT, Union City, N.J., is an important tool of organized crime in northern New Jersey. The local is under the domination of the Genovese crime family. Matthew "The Horse" Ianniello—Capo Genovese family controls the local through Tony Provenzano—incarcerated—then Nunzio Provenzano—also just incarcerated—and presently through Salvatore Provenzano. Despite a number of criminal convictions over the past 20 years, the Provenzanos still control local 560 IBT.

I helped prepare a chart, exhibit A, which is attached to my full statement which lists the major officers' positions from 1959 to the present at local 560.

This example of organized crime stranglehold on the labor organization is proof that the present 5-year bar from union office for convicted labor racketeers must be increased to prevent corrupt union officials from returning to office in order to commit additional crimes.

Since 1966, key positions at local 560 have been filled by either members of the Provenzano family or their appointees, all of whom have then been unopposed at elections. Anthony Provenzano was president from May 1958 until May 1966 when he was incarcerated for a 1963 Hobbs Act conviction. In 1975, upon the expiration of the 5-year bar from office, he was appointed to the position of secretary-treasurer.

In 1978, he relinquished that position after his Ulster County, N.Y., murder conviction, and was replaced by Josephine Provenzano, his 24-year-old daughter. He was subsequently convicted of labor racketeering in 1979 in New Jersey along with Stephen Andretta, a former business agent of local 560; Thomas Andretta and Gabriel Briguglio, an officer of local 84 IBT.

Although the murder conviction involved the murder of a rival local 560 official in 1961, the labor racketeering conviction included criminal activities after Anthony Provenzano returned to office upon the expiration of the 5-year bar.

In 1961, Salvatore Provenzano was appointed trustee and business agent by Anthony Provenzano, and served in that capacity until 1966. Immediately upon his brother's incarceration in 1966, Salvatore Provenzano was appointed president of local 560 and served in that capacity until 1975, when he was appointed to the position of vice president. He resumed the position of president in July 1981 after Nunzio Provenzano was convicted of labor racketeering.

Nunzio Provenzano was appointed by his brother, Anthony, as a business agent of local 560 in February 1963, 2 days after Nunzio was convicted in New York County of a grand larceny, which involved a labor-peace shakedown. In August 1966 he began a 3-year prison term in New York State as a result of this conviction. Immediately upon his release in 1969, Nunzio Provenzano was hired by local 560 as a file clerk at a salary of $18,000 per year, 50 percent greater than that received by any other clerk.

When a parole restriction against holding union office expired in 1970, he was appointed by Salvatore Provenzano as a business agent. In 1973, Nunzio Provenzano was appointed to the position of secretary-treasurer, and, in 1975, he was appointed to the presidency of local 560. In response to a bail condition following his 1981 RICO conviction, Nunzio Provenzano was forced to relinquish the presidency, and his brother, Salvatore, picked up the reins.

Nunzio Provenzano was convicted in 1981 of labor racketeering as a result of an FBI investigation. This involved his acceptance of moneys from Pacific Intermountain Express Co.—between approximately 1971 and 1980—Mason & Dixon Lines, Inc.—between approximately 1976 and 1979—Time-D.C., Inc.—between approximately 1975 and 1979—and Helms Express—between approximately 1977 and 1979. The payments from these employers were for the purpose of obtaining labor peace, specifically, the avoidance of a costly work rule contained in the collective-bargaining agreements.

Another prime example of the inadequacy of the scope and types of enumerated crimes specified in a 5-year bar for convicted labor is the case of Salvatore "Sally" Briguglio, a former local 560 IBT business agent.

Salvatore Briguglio was a member of Geneovese crime family and a loyal follower of Anthony Provenzano. Salvatore Briguglio had a long criminal history for violence and extortion. He was convicted with Nunzio Provenzano of a labor racketeering office involving extortion in 1963. In 1969, after he had just completed a term of imprisonment for the 1963 extortion conviction, the executive board of local 560 appointed him to the position of business agent. In 1972, the executive board of local 560 appointed him to the position of trustee of the trucking employees of Passaic and Bergen Counties pension and welfare funds.

At the time that Briguglio was entrusted by the executive board of local 560 IBT with the hard-earned pension and welfare moneys of local 560 members, Briguglio was under indictment for counterfeiting. Briguglio pled guilty to counterfeiting and was sentenced in July 1973 to 4 years' imprisonment. In 1974, after he had completed his term of imprisonment on the Federal counterfeiting conviction, Salvatore Briguglio was reappointed to the position of business agent by the executive board of local 560 IBT. In the summer of 1978, Salvatore Briguglio was murdered gangland style in the "Little Italy" section of Manhattan. Testimony in the 1979 Seatrain trial in which Anthony Provenzano, Gabe Briguglio, and the Andrette brothers were convicted of racketeering indicates that Sal Briguglio was in the thick of things once again.

In summary, convict Anthony Provenzano, and 5 years after his release from prison, he resumes office at local 560, only to continue to violate Federal labor laws. Since Nunzio Provenzano's 1963 New York conviction was not considered a disabling offense under section 504, the only impediment to his immediate resumption of violations of the labor law was a 1-year parole restriction. Even had he been barred by subsection 504, it is clear that as soon as that 5-year bar had expired, he would have been immediately reappointed as an officer of local 560 and would have then started to breach the fiduciary obligations imposed upon him by Federal law.

Senator NUNN. Mr. Wren, I suppose from what you are saying that you would support rather vigorously the legislation which passed the Senate twice last year but never passed the House to bar these type of individuals convicted of these type felonies for 10 years rather than 5 and have the bar effective immediately upon sentencing rather than after appeal?

Mr. WREN. Yes; I would. A perfect example was Anthony Provenzano. He was indicted under the Hobbs Act for extortion in 1961, convicted in 1963, stayed in office until 1966. When his appeals were through, he then left. As soon as he did his time, and at the expiration of the 5-year bar, he came back again only to commit additional crimes.

Senator NUNN. This is not the exception to the rule. This is almost the rule in this labor racketeering organized crime area, is it not?

Mr. WREN. I would say so.

Senator NUNN. I have asked you before but I want to repeat for the record. Would the Labor Department furnish all the people in recent years, particularly at the present time, that would be affected if this bill passed, those people who would have been affected let's say in the last 4 or 5 years, or whatever is a convenient recordkeeping time. I don't want to hold you to a period of time if this bill had passed with the 10-year disbarment and the individuals that would have been affected or would now be affected who are in office, who have been convicted of felonies but who are out on appeal if the provision of the bill that disbarred upon sentences rather than awaiting final appeal were to be passed by the Congress.

Mr. WREN. Because of the limited success of the 5-year bar for convicted felons the union assets continue to be misused, the members' contract rights continue to be sold on the auction block and the members' rights to union democracy continue to be an illusion. The Department of Justice is presently attempting to restore the democratic process at 560, by pursuing action under the civil provisions of the RICO statute. The U.S. Labor Department OIG, is the primary investigative agency. In its first attempt to use the civil provisions of RICO to launch a comprehensive attack upon the corruption problem within a labor organization in order to restore union democracy.

I have outlined in my full statement to this subcommittee the major convictions obtained either independently by the Office of Organized Crime and Racketeering in the U.S. Labor Department or in conjunction with other law enforcement agencies. In addition, a joint effort by the New Jersey State Police, and the Office of Organized Crime and Racketeering of the Office of Inspector General has resulted in the racketeering conspiracy indictment in New Jersey against officers and associates of local 863 of the teamsters.

In conclusion, organized crime has substantial influence in the transportation, shipping, and construction industries in New Jersey. Although the aforementioned convictions have been inroads into organized crime hierarchy in New Jersey the problem still exists. Convicted labor officials have been replaced by still other dishonest unionists and have returned after the 5-year bar period to commit additional criminal acts. Law enforcement efforts must not only be increased to stop organized crime infiltration of the labor movement but law enforcement must exhibit the imagination and perserverance to conduct increasingly complex investigations.

Thank you.

Senator NUNN. Thank you very much, Mr. Wren.

You mentioned the use of the civil RICO statute. That is being used now for the first time. Is that right?

Mr. WREN. In this type of scope, to try to free a labor organization from the domination by organized crime, this is the first attempt under the RICO statute to do this.

Senator NUNN. In which case is that being used in?

Mr. WREN. Local 560, Teamsters in New Jersey.

Senator NUNN. Tell us how that is going to work? What did yo do, file a civil action in court and who were the defendants in the action, what remedy were you seeking?

Mr. WREN. The action was filed in the district of New Jersey, in March of 1982.

Senator NUNN. By the Labor Department?

Mr. Wren. By the Department of Justice. The trial in the civil case is presently going on right now in the district of New Jersey. The defendants of the case are the executive board of local 560, the trustees of the benefit plans of local 560, and some individual members.

Senator Nunn. What are you required to prove under that RICO statute, civil RICO statute? What is the burden of proof?

Mr. Wren. The burden of proof is to show that local 560 has been dominated by organized crime, that the members of local 560 are fearful to speak out and in essence union democracy does not exist in local 560.

Senator Nunn. What is the remedy that you are seeking?

Mr. Wren. The remedy is for a court-appointed trustee to replace the executive board of local 560, that there be a waiting period, a cleansing period, so to speak, and at the end of that period elections would be held under the supervision of the district court.

Senator Nunn. How long has that civil RICO statute been on the books? Wasn't that passed at the same time as the criminal RICO?

Mr. Wren. Yes; it was.

Senator Nunn. Why has it taken this many years to utilize that?

Mr. Wren. This particular investigation has been going on for the last 4 years, just compiling necessary documents and history.

Senator Nunn. So a civil RICO statute requires a very tough burden of proof on the government with accumulation of overwhelming evidence. Is that what you are saying?

Mr. Wren. Yes.

Senator Nunn. But it can be used in cases like this, where particular individuals have gone in and out of prison, been convicted over and over again, but still manage to completely dominate and control local unions?

Mr. Wren. We hope so. That is what we are trying to do right now.

Senator Nunn. Is this a jury determination or a court judge determination?

Mr. Wren. A determination by the judge. There is no jury.

Senator Nunn. Does either side have the right to ask for a jury but is it strictly judged by the statute?

Mr. Wren. I believe it is a judge by statute.

Chairman Roth. If the Senator would yield, I would like to go back to the question.

I think this legislation was enacted in 1970 and as I understand it, this is the first time we have really tried to use this application of that law.

Mr. Wren. That is correct, Senator.

Chairman Roth. What bothers me is that time and again we see that even if you remove one or two people from these unions they continue to be dominated by organized crime. As a matter of fact, I asked one our witnesses several hearings before, is it possible to remove the influence of organized crime once it takes a union over? He said no. Do you think we are going to succeed on this basis? If we do, why haven't we used it before? Why is it taking 12 years to pursue this remedy?

Mr. Wren. I am hopeful that we will succeed. Time will tell. I think this is the only approach in a situation like local 560 which has been under the domination of the Provenzano brothers since the mid-1960's.

Chairman **Roth**. One of my concerns and I am sure that it is shared by others is that time and again we see the actors changes in these organized crimes but we really don't see the influence or the criminal organization itself being removed. So that I think this is a very critical test of one potential remedy in my judgment. Somehow we have got to attack the basic influence and not just the individuals which I think has been the problem of the past.

Mr. **Wren**. This I think is the only way to do it, by removing the executive board, giving the membership a chance to vote on people who want to represent them.

Chairman **Roth**. I yield back to you, Senator.

Senator **Nunn**. Thank you.

I agree completely with your well made point, Senator Roth.

Isn't the civil part of the RICO in fact an easier burden than the criminal part? Once you establish RICO under the criminal statute, isn't it actually easier to establish RICO civil?

Mr. **Wren**. In general, civil burden of proof is simpler than the criminal burden of proof. But we have a very unique civil action here. No one has ever tried this before to completely remove the executive board of the local.

Senator **Nunn**. I congratulate you for taking that initiative. Let me ask you a couple of questions about waterfront. Are you familiar with the waterfront in New Jersey?

Mr. **Wren**. Yes, sir.

Senator **Nunn**. Did you follow the UNIRAC investigator or participate in it?

Mr. **Wren**. I followed it. I didn't participate in it.

Senator **Nunn**. UNIRAC investigation I guess you would agree was one of the most comprehensive FBI investigations of the whole——

Mr. **Wren**. I would agree with that.

Senator **Nunn** [continuing]. Waterfront area we have ever had. There were a number of convictions that grew out of that. We had extensive hearings on it and of course the disturbing thing there again was so many of the people who were convicted were still in office pending appeal. I think that is still the case. But in your analysis I have asked for the record I would like for you to bring us up to date on how many people convicted under UNIRAC remained in office after they were convicted, for how long, and how many are still in office?

Mr. **Wren**. I will do that for you.

[The material to be supplied for the record was not received by the subcommittee at the time of printing and may be found in the subcommittee's files.]

Senator **Nunn**. Do you think the civil RICO would be applicable to the waterfront particularly as an aftermath of the UNIRAC investigation?

Mr. **Wren**. I think there are some locals on the ILA locals on the waterfront that have had a long history of criminal involvement and I think in those locals the civil RICO provisions might be useful.

Senator NUNN. Have you seen any profound changes in the waterfront of influence or organized crime in the locals that were successfully prosecuted, people in the locals in the UNIRAC investigation? Has there been a real change since UNIRAC?

Mr. WREN. I don't believe so. I think the players have changed. I still believe Tino Fiumara has a great deal of influence on gambling, loansharking, and influence in labor in the UNIRAC area.

Senator NUNN. Have you seen any efforts by the National Longshoremens' Association to clean up their own house?

Mr. WREN. I am not aware of any, Senator.

Senator NUNN. Is the Labor Department looking at the possibility of applying RICO civilly to some of those locals that are still dominated by organized crime?

Mr. WREN. Yes, we have a number of, looking at that, we have some criminal investigations also in that area.

Senator NUNN. So the outcome of this case you are bringing in 560, the outcome of that might very heavily influence what else you do in this area? Is that right?

Mr. WREN. It sure would.

Senator NUNN. So you see this as an enormously important case?

Mr. WREN. Yes, I do.

Senator NUNN. What is the timeframe for decision?

Mr. WREN. The trial is going on right now. I assume we will be completed by April. I would imagine we will have a decision in the district court level around somewhere in June or July.

Senator NUNN. We will follow that with real interest. I have two or three questions for the other witnesses. Do you want me to proceed on that, Senator Roth?

Chairman ROTH. I have one question.

Senator NUNN. Go ahead. I will come back.

Chairman ROTH. As I think you are aware, we are also looking into the hotel workers union. Do you have any evidence of links to organized crime at the level of the international union?

Mr. WEILAND. Mr. Chance, you may want to respond to that or Mr. Magee, whoever feels best equipped.

Mr. CHANCE. Senator, do you mean on the international or local level?

Chairman ROTH. At the international level.

Mr. CHANCE. I have heard reports and have received information indicating that that is the case. However, the international is in Illinois. I am in New Jersey. I don't have factual information concerning that. But I have read intelligence information.

Chairman ROTH. I yield back to Senator Nunn.

Senator NUNN. Mr. Magee, with respect to the labor leasing you discussed yesterday, would you give us a little bit of a rundown again of how that labor leasing scheme works?

Mr. MCKEE. This is Mr. Magee. You may have us confused. The way this labor leasing scheme worked was that Eugene Boffa or an associate of his would go into a major corporation, such as Continental Can or Iowa Beef, and propose to take over as the employer of the truck drivers. In most cases these drivers were Teamster Union members. He would offer to do this at a cost of approximately 6 to 10 percent of the payroll, and in many cases, he would also guarantee labor peace. What we saw in many cases where Mr.

Boffa came in as the new employer, via a labor leasing company, was the union members receiving lesser wages and benefits, and in some instances they lost their jobs.

Senator **Nunn**. So what you are saying is he was in effect taking money right out of the pockets of the rank and file and putting it in his own pocket. That was the scheme?

Mr. **McKee**. That is correct.

Senator **Nunn**. Reducing their benefits, reducing their collective bargaining leverage, reducing their overall pay, getting kickbacks and putting that right in his pocket?

Mr. **McKee**. That is correct. What our investigation uncovered was instances where union members became displeased with their contract, and Mr. Boffa foreseeing labor unrest would terminate his labor leasing contract. At the same time he would be terminating his contract, a second labor leasing company would appear on the scene and begin taking job applications. According to the National Labor Relations Act, if the second labor leasing company was owned or controlled by the same individual it would have had to rehire the same drivers and give them the same wages, benefits, and seniority.

In order to get rid of the dissenting drivers, and in some cases to save a little more money, the second labor leasing company would have a "straw" party as the person who owned this second labor leasing company. The "straw" party would not rehire the dissidents and sometimes lower employee wages even further.

You may wonder where the union officials were when all of this was happening. If you look at page 14 attached to my statement, you will see that evidence was uncovered alleging that Mr. Boffa made payoffs to local Teamster officials throughout the United States. As the chart shows, Teamster officials in Delaware, Puerto Rico, New Jersey, New York, Missouri, California, and Ohio allegedly received payoffs from Mr. Boffa.

Senator **Nunn**. So those in the positions that you are talking about here, who were basically put in office in a fiduciary position to protect the collective rights of their members, were in effect defrauding their own members?

Mr. **McKee**. That is correct, sir. In addition, we received evidence that the proceeds from this illegal scheme were also shared with organized crime figures such as Russell Bufalino, head of the La Cosa Nostra family in upstate Pennsylvania, and Anthony Provenzano from Northern New Jersey.

Senator **Nunn**. Do you have any specific suggestions as to improvements in the Federal labor laws now, any changes in the law that you would like to see undertaken here in the Congress?

Mr. **McKee**. Yes sir. I would have some suggestions for this particular scheme and for other voids that I see in the law.

In this particular scheme we utilized the mail fraud statute, and we really had to search around to find a statute to fit the scheme. If we didn't have mailings in this particular scheme, we may have been hurting to bring charges against some of these individuals. In addition, we found that some corporate officials were also involved in this scheme, and we were unable to find a federal statute to charge them with. One statute that we thought about was the Deprivation of Rights statute, which is 29 U.S.C. 530, but as it turned out there were a few flaws we saw in using that statute.

First, it only pertains to rights guaranteed by the LMRDA and not the Taft-Hartley Act; second, it is only a misdemeanor; and third, it is not a substantive violation within the RICO statute. Also, it requires the additional element of violence. Therefore, it was not a practical statute to use in this scheme.

Senator NUNN. You are saying that statute could be made effective but it would have to be changed and strengthened?

Mr. MCKEE. Yes. If it would include rights within Taft-Hartley Act, be upgraded to a felony, and made to be a substantive violation within the RICO statute, it would be very effective. I think another area that needs addressing is the problems we have as a result of the *Enmons* decision, which basically legitimizes union violence. I believe that your proposed Labor Racketeering Act would also be a significant tool in improving the law in this area.

There is one other area that I would like to comment on in improving our fight against organized crime and labor racketeering. In my many years as an investigator I have worked with some very excellent prosecutors, and I have seen these prosecutors go into private industry because the government doesn't, in my opinion, offer them enough. I think that we could do more and offer financial incentives in an attempt to keep these prosecutors. We need them to successfully complete these organized crime investigations.

Senator NUNN. When you and your people were working the Boffa case did you have people with you who had the power to arrest? Did you have any power of arrest yourself? What powers did you have as a member of the strike force from the Labor Department?

Mr. MCKEE. Sir, we had the power to conduct investigations, conduct criminal investigations, and assist the grand jury and issue subpenaes. We did not have the power to carry firearms, make an arrest, execute search warrants, or conduct title III's.

Senator NUNN. Do you need that authority?

Mr. MCKEE. Yes, sir, we do.

Senator NUNN. Would the other two field agents respond to that? Do you need the power of arrest when you are working with the strike force on organized crime matters, the other powers that are being enumerated?

Mr. WREN. As you know; Senator, the administration has expressed an opinion on this. My personal opinion is we definitely need them.

Senator NUNN. I will ask each of you, in your view, would the other people in the strike force out there actually in the field object to the members of the strike force having the same powers as they have?

Mr. MCKEE. I don't believe so.

Senator NUNN. Have any of them voiced any objections to you, people from the FBI, Justice Department, any of the other agencies? Have they said you are not in favor of having these powers? Have you given any reason why they would object?

Mr. MCKEE. No, sir.

Senator NUNN. Mr. Wren.

Mr. WREN. No, sir. They don't believe that we don't have the powers.

Senator NUNN. They don't believe it? You mean they don't realize?

Mr. WREN. They realized it when we told them.

Senator NUNN. Have any of them said anything to you that would indicate any opposition whatsoever to you having these powers?

Mr. WREN. None whatsoever.

Senator NUNN. Mr. McKee?

Mr. MCKEE. No, sir. I am not aware of any law enforcement agency opposing this. As Mr. Wren said, almost everyone, when they find out that we do not have full law enforcement authority are very surprised.

Senator NUNN. We are going to hear from the Justice Department in a few minutes. I may ask them that question. I would like to ask you agents out in the field your personal views, I am not talking about the Labor Department view. I understand this is not official at this stage. But do you understand the opposition of the Justice Department to the people who are assigned to the Strike Force from the Labor Department, who are dealing with organized crime matters, not having these basic powers that the other agents have?

Mr. MAGEE. Yes, sir. I am aware of these statements that were made at the hearings conducted earlier this month by Senator Hatch's committee.

Senator Nunn, either Mr. McKee or myself may have to eventually leave the scene to avoid this perpetual confusion which is understandable. I think I can put an umbrella over what these three field agents have said by pointing out that my position as the Acting Inspector General on this subject was set forth in the last semiannual report, which was an affirmative position. I so testified also affirmatively on February 2, before Senator Hatch's committee, but learned subsequent to my testimony that a Justice Department witness articulated the administration's position which was contrary to this.

But the record is clear on what the position has been up until this time, and former Inspector General Tom McBride who departed in October 1982 made a similar recommendation in an earlier semiannual report.

Senator NUNN. The incredible thing to me is I remember very well when the Labor Department under a previous administration was about to pull these labor agents out of the strike forces. They were virtually decimating the Labor Department participation in the strike force. At that time people from the Justice Department were talking about how valuable Labor's input was, how indispensible it was. Field agents have testified that this would be a very bad move in the organized crime field.

This subcommittee and several of the members on it intervened to the extent we could and turned that situation around. I find it incredible now that the same Justice Department is coming back and saying that these powers of arrest are absolutely unneeded. This is not the subject of this hearing. But I do find that to be an inconsistent kind of policy, particularly if you get out in the field element. I might also say, Mr. Chairman, while I am expressing a few frustrations, I appreciate your people being here from the field. You have done a superb job yourself, Mr. Inspector General, and we appreciate your testimony.

But having people from the field here before Congress is an indispensable part of the legislative process. I have worked in the military enough to know, as well as investigations here, that by the time everything filters up and comes through the very top and becomes a part of the official policy and comes over from any of the agencies, whether it is Justice, Labor, and by the time it goes through OMB and sometimes the White House, it is just not the same animal that started out in the field. We may not always agree with the field agents. We want to hear the official policy.

But to block off field agents from testifying before an investigative subcommittee as some of our agencies are now attempting to do is absolutely intolerable. In terms of the congressional mandate, in terms of the legislative needs. I just want to serve notice to the other agencies that I for one am going to begin to fight this very vigorously because I think it is cutting off the source of absolute essential information that we need to carry out our job and to determine what is happening.

We had that situation just yesterday with one of the witnesses. It was not the witness' fault. He was carrying out policy. I did not therefore raise it. So I raise it in a positive way today. I say to you that we appreciate the way you have made this presentation and it has been very helpful to us. We appreciate you allowing these gentlemen who are out there on the front line; and who are having to fight this situation every day, giving their own personal views, even when those views may not always be official on administration policy. This is the way the hearing has to be held for us to be able to do our job.

Mr. **Magee**. Senator Nunn, I would like to say in the Inspector General's office at Labor insofar as factual matters are concerned we consider these field representatives our best witnesses.

Senator **Nunn**. I agree. Having their own personal views is just essential. I am just going to serve notice in a very positive way that I am going to be very, very vigorous in opposing this policy that is becoming more and more rigid, more and more locked in and more and more absurd. We were sitting here yesterday hearing through one witness when the witness who knew the answer to the questions was sitting in the same room but we could not get answers to the questions on many areas that we were asking.

I will not sit still for that any longer. So I will just serve notice to the particular people in the Justice Department that that policy as far as I am concerned is going to be under very, very severe attack.

Chairman **Roth**. I think Mr. Weiland has a couple of questions.

Mr. **Weiland**. Mr. Chairman, I wanted to point out for the record that Mr. Chance who testified about the Salerno Sr. shooting and referenced his son's testimony before the Permanent Subcommittee on Investigations last summer, I think in fairness it should be pointed out for the record that Joe Salerno, Jr. had testifed in a murder trial against Nicky Scarfo prior to his appearance before the Permanent Subcommittee on Investigations. It is my understanding he had also testified before at least one grand jury prior to this Permanent Subcommittee on Investigations testimony.

Mr. Chance you had mentioned a large number of ghost employees being found on the payrolls of some unions during the construction phase in Atlantic City. Can you tell us how many prosecutions emanated from those findings of yours?

Mr. CHANCE. Sir, that is currently under investigation by our office. Because of that, I cannot disclose what we are currently doing. We are agressively following that.

Senator NUNN. Have there been any indictments to date on that particular subject?

Mr. CHANCE. Not yet, sir.

Senator NUNN. Finally, I want to say, Mr. Chairman, we are very interested in the Lawrence A. Smith indictment which they have presented for the record today. The subcommittee has subpenaed as these gentlemen know extensive records relating to local 54 and the health and welfare plans and pension plans. The members of the subcommitte questioned Ralph Natale about his association with Lawrence Smith during a previous meeting of the subcommittee and Mr. Natele invoked his fifth amendment privilege. We are very interested in Lawrence Smith and hope to have perhaps his testimony before the Permanent Subcommittee on Investigations once this criminal case is wrapped up.

OPENING STATEMENT OF SENATOR ROTH

Chairman ROTH. Thank you, gentleman. I too want to join Senator Nunn in expressing the appreciation of this subcommittee for your cooperation.

I believe that completes our schedule of events that were to take place yesterday, so that we will now proceed with the schedule for Thursday. I have a prepared statement which I won't read in its entirety. But without objection, I will incorporate it in the record in its entirety.[1]

We will begin today to have witnesses who will demonstrate that organized crime is involved in toxic waste disposal. They will show that as an outgrowth of organized crime's control of the garbage industry, and because of the great potential for illegal profits, organized crime is indeed in the toxic waste business. I think anyone who reads the newspaper can hardly be unaware of the problems of toxic waste disposal. The dimensions of the problem I think are clearcut. It was estimated in 1980 by the Environmental Protection Agency that U.S. industries produced something like 400 pounds of toxic waste for each man, woman, and child every year in this country. Roughly speaking, we have something like 40 million tons of toxic wastes annually that must be disposed without threatening the public health.

Two years ago, the Congress enacted legislation known as the Superfund legislation which hopefully would deal with this problem. It was to provide for the immediate cleanup of toxic dump sites when they are discovered, attempting to lessen the arduous and time-consuming process of first establishing who was responsible for the dumping. The administration of this program, as you well know, has been widely questioned and is currently the subject of at least six separate congressional hearings. The subcommittee is not dealing today with that administration of the Superfund legislation.

---

[1] See p. 304 for the prepared statement of Senator Roth.

What we are concerned about today is that our law enforcement agencies in this field are not yet able to counter organized crime for a variety of reasons. States have been given increasing responsibility and enacted statutes, but their jurisdiction and resource limitations have in many cases thwarted effective regulation. Frankly, at the State and local level there are too few experts, too few funds available to chemically analyze the type of toxic waste, determine where it comes from or how it may be cleaned.

State authority is often unclear in cases where an entity from one State picks up toxic wastes in the second State and dumps it in a third State. Likewise, the resources and manpower of EPA do not yet appear to be able to effectively supplement the States' efforts. For example, I am told that EPA has only four investigators for the entire New York-New Jersey area. These four are based in Philadelphia.

So what we have is a garbage industry which evidence indicates has been dominated and controlled by organized crime, involved in a lucrative area of toxic waste disposal where expenses can be minimized and profits maximized by avoiding the few law enforcement efforts that are being made.

There is one important difference that must be underscored between the domination of the toxic waste disposal and garbage in general and that is the risk of public health. The dangers that are presented by organized crime on unrestrained dumping of toxic wastes are terrifying, substances which have an unknown effect upon public health may be dumped directly into municipal water supplies, roadways, or other areas in which the unsuspecting person may come in contact.

With luck the poisons may be discovered before harm is done but more likely it will only become apparent after a significant number of persons have suffered injury.

In this area organized crime national efforts have illustrated that they are willing to endanger the public at large in order to make an extra buck. This criminal disregard for the American people demands that every effort be made both at the Federal, State as well as local level to destroy any vestage of organized crime in toxic waste disposal.

In concluding I would like to put the witnesses on notice of one of my basic concerns, that is, the fact that, despite the hearings that have been held over the many years in this subcommittee as well as other committees of Congress, despite the fact that tremendous resources have been put available and spent to do something about crime, the fact remains that witness after witness tell us that the criminal organizations, the mob, the family, whatever you want to call it, continue to flourish and grow. To me it is a matter of extreme concern that back almost 30 years ago, in the 1950's, the distinguished former chairman of this committee, Senator McClellan, exposed the fact that garbage disposal was dominated, controlled by organized crime. Some 30 years later we find the same situation existing. So my question will be: Where are our laws lacking? Where are our law enforcement proceedings failing?

In my judgment it doesn't do any good or very little good to change the actors, a few of the leaders in these organized syndicates and have others take over. I don't think we have a satisfactory answer yet. Perhaps it is RICO, perhaps it is the failure to prosecute under it. But my basic concern is that until we attack the criminal organization itself and do something about that, we are not making any real progress.

So I am going to ask each of the witnesses as they come before us: How do we attack these criminal organizations themselves, so that some time in the future we don't continue to say, well, we are making some progress in containing or we have a few new actors? Sometimes I think we get rid of more people through gang warfare than we do our own law enforcement efforts.

So I shall be very much interested and I want to thank Senator Nunn not only for starting the hearings early today—to complete our work yesterday, but for the leadership he is showing in this area.

At this time, Senator Nunn?

Senator NUNN. I don't Mr. Chairman. I do think this toxic waste and the whole garbage area you talked about is enormously important and it is something that I congratulate you and the majority staff for undertaking. You have our full cooperation.

Chairman ROTH. At this time I would like to call forward a panel consisting of Professor Alan Block, who comes from my University of Delaware.

We are pleased to have him here today as well as Mr. McKenna of the New York State Senate Select Committee on Crime.

Gentleman, if you will continue standing, under the rules of the subcommittee, you must be sworn in.

Do you—please raise your right hand—do you swear the testimony you will give before this subcommittee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BLOCK. I do.

Mr. MCKENNA. I do.

Chairman ROTH. Please be seated.

Gentlemen, I will let each of you introduce yourself and then whoever wants to lead off, please proceed.

TESTIMONY OF PROF. ALAN BLOCK, UNIVERSITY OF DELAWARE, AND JEREMIAH B. McKENNA, NEW YORK STATE SENATE SELECT COMMITTEE ON CRIME

Mr. BLOCK. I am Alan Block, an associate professor of criminal justice and sociology of the University of Delaware.

Chairman ROTH. First of all, let me say we are very pleased to have you here today.

I would appreciate it if you would move the microphone and speak up so that everybody in the room can hear you.

Mr. BLOCK. Mr. Chairman and members of the Permanent Subcommittee on Investigations, my name is Alan Block and I am an associate professor of criminal justice, sociology, and American Studies at the University of Delaware.

For approximately the past 10 years, I have been conducting research and writing on the history, sociology, and criminology of organized crime.

What follows is a summary of my research findings. The areas I will cover fall into three general categories: (1) the connections between the solid waste disposal industry and the toxic waste disposal industry; (2) the presence of organized crime in first solid waste and then toxic waste; and (3) the appalling overall futility of enforcement efforts concerning organized crime and toxic waste because of a combination of ineptitude and corruption.

Mr. WEILAND. Mr. Chairman, I understand that Mr. Block has a lengthy statement that he is submitting to the subcommittee for the record and is going to present a summary of that statement this morning. Is that right?

Mr. BLOCK. Yes, sir.

Chairman ROTH. Let me say to you, Professor Block, as well as the other witnesses, that hopefully each of you will summarize your statements as you are doing, Professor Block. The full statements in each case will be included in the record as if read.[1] [2]

Mr. BLOCK. Solid waste firms and toxic waste firms are inextricably linked. One of the easiest and quickest ways to establish the connection is to glance at SCA Services, Inc., which is one of the three largest toxic waste service operations in the Nation, and has already received a great deal of attention in the House of Representatives. In its first years of operation, in the early 1970's, SCA acquired approximately 130 "solid waste companies." In other words, the growth of SCA as well as the other major hazardous waste firms primarily came about by purchasing what were, in effect, garbage businesses.

Toxic waste disposal is a subfield of the waste industry, and the waste industry itself appears over time to be one of the subfields of organized crime. Beginning in the mid-1950's and continuing on since then, evidence detailing the roles of organized crime in waste have been periodically presented.

One of the most comprehensive and important presentations of this relationship came in the fall of 1957 when the Senate Select Committee on Improper Activities in the Labor or Management Field, chaired by Senator John McClellan, held hearings on the private sanitation industry, which in New York at that time did approximately $50 million worth of business annually. The major point of those hearings was to show that organized crime was constructing "business empires in the private carting industry through a system of monopoly enforced by trade associations and cooperative labor unions." In the main, the hearings focused on the activities of organized crime figures and associates, including Vincent J. Squillante, Bernard Adelstein, and Nick Ratenni.

Most of the testimony concerned Teamster Locals 27 and 813 which were under the domination of organized crime and were instrumental in furthering extortion in and from the private sanitation industry. The committee concentrated on Yonkers, N.Y., and Nassau County, Long Island. In Yonkers, the focus was on Westchester Carting Co., which had been directed by Nick Ratteni since 1949. Ratenni had an arrest record stretching back to 1926 and had served a considerable amount of time in Sing Sing Prison. Among Ratteni's associates, it was pointed out, were the notorious Frank Costello, Anthony Little Augie Carfano, and John Dioguardi.

---

[1] See p. 402 for the prepared statement of Prof. Alan Block.

[2] See p. 456 for the prepared statement of Jeremiah B. McKenna.

The committee shifted attention from Westchester County to Long Island and narrowed in on the notorious Vincent J. Squillante who was the leader of the Greater New York Cartmen's Association, and Bernard Adelstein the head of Teamster Local 813.

The committee documented the ways in which both Squillante and Adelstein extended their influence into Nassau County, Long Island.

In his statement concluding the hearings, McClellan pointed out that "more than 46 hoodlums" were found "connected in one way or another with the carting industry" scrutinized by the committee. Returning to Squillante, he remarked that he was "the self-styled godson of gangland executioner Albert Anastasia, and that he had no previous experience in anything except the policy rackets and as a pusher of narcotics."

Although the Senate committee concentrated its energies on the waste industry in New York, a similar situation existed in New Jersey.

In 1959, a New Jersey Senate committee chaired by Senator Walter H. Jones held hearings on the waste industry in the Garden State.

The committee concentrated on the allocation of territories and how that principle manifested itself in bidding on municipal contracts. Three overlapping elements appeared in the testimony: (1) constant allegations that bids were rigged; (2) that municipal politicians were paid off; and (3) that disputes were rife in the industry as firms struggled to by-pass the territorial understandings and developed new lines of influence.

In addition, testimony revealed another part of the intrinsic problems in the waste industry. Waste firms not only need customers with waste to purchase their services, but they also need locations to dump the waste. Access to dump sites is an indispensable element; to control dump sites such as landfills is to control the industry. Various witnesses related how landfills were controlled by New Jersey's garbage association.

New Jersey, in the late 1950's, had an equivalent to New Jersey's garbage association. In addition, New York's Local 813. This was local 945, which witnesses testified was controlled by organized crime figure John Serratelli. One result of the New Jersey hearings was Serratelli's indictment on several charges.

Unfortunately for Serratelli, he was murdered "for failing to go along with the directions of organized crime leaders who warned him against cooperating with authorities in any way." It seems that Serratelli, like Vincent Squillante, who also was murdered around the same time, had become too great a liability for organized crime. Consider also that the primary upshot of the late 1950's investigations was the murders of Squillante and Serratelli—there were no structural changes within the waste industry, not even a pattern of prosecutions indicating that law enforcement was seriously monitoring the industry.

One indication that the waste industry as structured by organized crime was basically unaffected by past revelations is revealed by focusing again on Westchester County. In 1967, Charles Grutzner of the New York Times reported that:

> An investigation directed by U.S. Attorney Robert M. Morgenthau has found that 90 percent of the trade-waste disposal in Westchester County is handled by members of the Genovese and Gambino families of the Mafia.

The following decade was simply more of the same, except for the fact that the State recognized that some garbage was toxic and instituted procedures and rules to handle the disposal of this new category.

A few years prior, however, another scandal emerged linking waste businesses to organized crime.

This time the area scrutinized was Brooklyn. On March 28, 1975, Brooklyn District Attorney Eugene Gold revealed that "59 private carting companies in Brooklyn and 9 carting industry officials" had been indicted on "charges of restraint of trade and perjury."

The district attorney stated that "the carting industry in his borough was controlled by organized crime through the Brooklyn Trade Waste Association." Organized crime controlled what was a $60 million-a-year industry which included what Gold claimed were approximately $20 million a year in overcharges resulting from "collusive practices in the industry."

Six years later on October 17, 1980, across the Hudson River in New Jersey "a statewide grand jury indicted 2 garbage industry trade associations, 24 corporations, and 25 individuals, including some identified as members of organized crime, on charges of conspiring to control commercial garbage contracts in nine northern New Jersey counties." The two trade associations were the New Jersey Trade Waste Association and the Hudson County Sanitation Association which between them represented "15 percent of the statewide garbage industry," controlling "approximately 35 percent of the total garbage collection revenues in the State, or about $46 million annually."

It is very significant that in the Star Ledger story by Peter Marks on the indictment, a number of firms and individuals involved in the toxic waste business are mentioned including ISA in New Jersey Inc. of Mahwah and its president, Louis Mongelli; A. Rizzo Carting Co. Inc. of Wayne and its president, Anthony Rizzo; Statewide Environmental Contractors and its officers Charles Macaluso and Frank Lotano; and Duane Marine Salvage Corp. of Perth Amboy which had been indicted in September on charges of dumping 500,000 gallons of toxic waste into the Perth Amboy sewer system.

But perhaps the most revealing part of the indictment for those interested in the issue of toxic waste and organized crime is in that section dealing with Browning-Ferris Industries of Elizabeth, New Jersey, Inc. First of all, Browning-Ferris was and may still be the second largest waste firm in the Nation with a significant portion of their business being toxic waste. This past summer—1982—Browning-Ferris offered to buy out SCA Services for $197 million, according to the Wall Street Journal. And while there is no mention in the indictment of the Elizabeth operation being a toxic waste one, it is nevertheless reasonable to suppose that the activities carried out by the Elizabeth division were representative of the firm's methods overall. In the indictment, Browning-Ferris is described as being a principal "during the period of this conspiracy * * * in which the conspirators operated to restrain trade by enforcement of 'property rights.'" The particulars in the indictment show Browning-Ferris as both a protector of the illegal property rights system, and initiating a "grievance hearing" settled in their favor by recognized organized crime figures in the industry. This makes all the more significant an alleged statement from a Browning-Ferris manager in the toxic waste field, that Browning-Ferris routinely forged and shredded manifests which could have proven embarrassing to Browning-Ferris.

From only the relatively few examples cited, there are some reasonable conclusions which can be drawn at this stage. From about the mid-1950's until today, the major trade associations in the waste business both in New Jersey and New York have been dominated by organized crime. Key officers and participants have been identified by many law enforcement agencies and legislative committees as organized crime figures. In addition, the methodology of business within the waste industry has been aptly characterized by the descriptive terminology of the many indictments and investigatory documents: it is an industry illegally controlled by organized crime in which business is illegally conducted. It is an industry in which organized crime not only establishes the parameters within which business is conducted, but one in which organized crime adjudicates dispute through its customary methods of intimidation and violence. The power of organized crime in this industry is immeasureably increased by its control over workers and nonorganized crime firms through the domination of certain major Teamster locals. The ones most prominently mentioned are local 813 and local 945. By controlling the major trade associations, the primary trade unions, major waste firms, and landfills all with the help of friends in political and criminal justice positions, organized crime is effectively the waste industry. And it may not matter very much whether one is talking about solid, or toxic waste.

Some indications of the merging of organized crime, solid waste firms and toxic waste disposal was provided by David Colton of the Journal News, Nyack, N.Y., in the summer of 1980. Colton's report begins by noting that while charges of toxic waste dumping by organized crime figures in Orange County, N.Y., have surfaced, and been dismissed by Ralph Smith the head of the State organized crime task force, an independent review indicates the strong probability of organized crime dumping toxics in the county since 1970. Among the sites mentioned were a private landfill in Warwick where the New York State Department of Environmental Conservation has strong reason to believe that a lot of industrial waste was disposed of by a waste firm named Grace Disposal which leased the property. Organized crime figure Louis Mongelli controlled Grace Disposal and another firm which holds the contract to dispose of Ford's industrial waste. Eyewitness testimony claimed tractor-trailer trucks had unloaded industrial wast from the Ford Assembly Plant in Mahwah, N.Y., at these unauthorized sites. Another Mongelli company, All-County Environmental, was reportedly seen dumping at another site in the county. At that site, the State had licensed DV Waste Control to operate. It is especially interesting that DV Waste Controls is operated by Vincent DeVito, reportedly a convicted loanshark.

The final part of Colton's story deals with the somewhat mysterious affairs of Jeffrey and Anthony Gaess, principals of Gaess Environmental Corp., and the C & D Disposal Co., which was sold to DeVito's frim, the above-mentioned DV Waste Control. The connection to Gaess Environmental was made when toxic waste dumping around Harriman, N.Y., was discovered and two buried tanker trucks displaying the name of C & D Disposal were found. It was established that the trucks were actually registered to Gaess Environmental Corp., which was, in turn, a subsidiary of SCA Services.

More information on Jeffrey R. Gaess and especially his brother Anthony D. Gaess was located in an investigator's Report compiled for the New York State Senate Select Committee on Crime. It revealed that Gaess Environmental Services was purchased by the SCA/Earthline Division in 1977. Concerning the background of Gaess Environmental, it was learned that a firm called Tony Gaess Service Corp. was formed in the summer of 1966 in Bergen County, N.Y., 6 years later it changed its name to Gaess Environmental. At that time, its officers were Anthony D. Gaess, president, and Christopher P. Recklitis, vice president.

Interestingly enough, in 1977, Recklitis "was accused by the Securities and Exchange Commission of diverting $4 million of SCA's company money for his own use," with the aid of SCA President Berton Steir and SCA's northeast regional controller, Nicholas Liakis. Bob Dearing of the Buffalo Courier Express reported that the SEC investigation began in 1974, "and during the course of the 3-year probe Recklitis" who had been SCA president from 1972 to 1974 "and Berton Steir, SCA founder and chairman, resigned from the concern." Working with Recklitis in the scheme was Anthony "Tony Bentro" Bentrovato "who had been indicted in 1975 in a kickback operation case involving the upstate New York Teamsters pension fund, along with reputed organized crime kingpin Anthony 'Tony Pro' Provenzano."

Other information in the report indicated that Anthony Gaess was the brother-in-law of Richard Miele thought to be the proprietor of a firm known in the trade as Modern Transportation, although the correct legal netity actually is Sanitary Waste Carriers, Inc. of Kearney, N.J. A chart prepared by the New Jersey Department of Environmental Protection indicates that Richard Miele owns 25 percent of a business known as MSLA which has been linked to the notorious Charles Macaluso, an alleged organized crime figure involved with James Failla supposedly one of the leaders of the Gambino crime syndicate, in trade waste matters.

MSLA was a landfill in which toxic chemicals were dumped, according to police intelligence surveillance reports. The procedure for illegally dumping at MSLA was simple with trucks using gate No. 2 on the site which was reportedly opened by a guard who was paid for his service and informed not to say anything. In addition to Miele and allegedly Macaluso, others with interests in MSLA included William and John Keegan, Joe Cassini, Mike Cignarella, and Crescent Roselle.

This last individual, Crescent Roselle, was prominent in the 1959 New Jersey probe of the waste industry. In 1973 and 1974, Rosell's various waste businesses, with one major exception, were bought by SCA Services. According to police intelligence reports compiled by detectives in the Elizabeth, N.J., Police Department, Anthony Gaess met with Crescent Roselle on a regular basis in order to show Roselle how best to profit in handling chemicals. Also, in these same intelligence reports it is claimed that Gaess was caught stealing accounts and running drums of toxic waste into the Kin Buc landfill. On December 22, 1980, Crescent Roselle was murdered becoming the third waste entrepeneur to be murdered in just a few years.

There are substantial unanswered questions concerning Gaess and almost all the other individuals and firms mentioned so far, including SCA, which must be addressed. And given the types of offenses committed or alleged to have been, answers to them are all the more imperative.

Unfortunately, there is at the moment little hope that investigations can be mounted which will successfully face the peril and provide the answers so desperately needed. Certainly the record in the Northeast leaves so much to be desired that public confidence must be shaken if not shattered. Leaving aside for the moment the fact that organized crime has controlled the waste industry for 30-years at a minimum, despite repeated investigations and disclosures, and looking solely at the enforcement record dealing with hazardous waste violations regardless of whether or not the principals are organized crime figures or associates, one finds an enforcement record which indicates either or both ineptitude and corruption on a monumental scale. In New Jersey, the most current example is the case of State police Detective-Sgt. Dirk Ottens. Without doubt, Ottens is the most knowledgeable police officer on toxic waste and organized crime in the Nation.

However, following a subpenaed appearance before a closed hearing of a House subcommittee investigating organized crime and the toxic waste industry and a subsequent public hearing, Ottens has found himself in a state of limbo.

An editorial in the Home News—Jan. 18, 1983—notes that the recent congressional report which charges the State department of environmental protection, the U.S. Environmental Protection Agency, and members of the State attorney general's office with investigative bungling that allowed thousands of gallons of toxic waste to continue pouring into landfills years after the illegal dumps should have been closed, still nevertheless praised Ottens and his partner.

Since the winter of 1980-81, Ottens has been commanded to leave toxic wastes alone and placed in some of the most demeaning and menial tasks the State police could construct. The Home News asks whether these kinds of assignments "have any relationship to the testimony offered to a Federal judge who concluded Ottens had developed hard evidence that DEP officials were taking kickbacks from toxic waste firms?

Of course, if the answer is affirmative, it would explain why Ottens' informants in the toxic waste industry, reportedly were routinely revealed, a process placing their lives in jeopardy and making it that much more difficult for Ottens to develop leads. It would also explain and perhaps affirm one informant's claim that the State police were trying to frame Ottens. It appears that it was Ottens' expertise and desire to follow the trail of organized crime and toxic waste into the arena of public corruption that was his downfall.

Surely the fact that Ottens as well as other witnesses from New Jersey who appeared before the House subcommittee were told by New Jersey officials to stay away from the issue of public corruption raises the probability higher. The issue of Ottens' purgatory was serious enough to cause the chairman of the House subcommittee to ask the attorney general of New Jersey to conduct a complete independent review of the matter, including an interview with Ottens.

The request was made in the summer of 1982 and, so far as can be determined, never carried out. Ottens, it appears, may be the victim of a conspiracy whose intent is to emasculate him while protecting various organized crime figures and their political partners.

Among the allegations that Ottens might have been able to pursue are claims that an official in the Department of Environmental Protection was simultaneously counsel to a toxic waste firm; that a former New Jersey Deputy Attorney General was an investor in Kit Enterprises, reportedly a firm involved in illegal toxic waste activity, and controlled by two major organized crime figures—JoJo Ferrarra and John Riggi; that a second former deputy attorney general owned part of Global landfill in Ocean County and that an investigation into this affair ended when another deputy attorney general received a sailboat; that the investigation into Duane Marine was marred by corrupt acts by officials in DEP and New Jersey's Division of Criminal Justice; and finally, that certain officials in New Jersey's Public Utilities Commission received bribes by waste firms.

Certainly, it is true that allegations of corruption in New Jersey concerning the waste industry are not new; rigged bids and payoffs to scores to public officials were a mainstay of testimony beginning in 1959 and continuing on ever after. It may well be, then, that the Ottens' affair is part of the traditional way in which politics and criminal justice are carried out in New Jersey. What makes this more significant, however, is that this time it is not morality which is assailed, but the public health. It is one thing to take a cut from vice enterprises, and quite another to protect and profit from massive environmental poisoning.

New Jersey, of course, is not alone in subverting, or at least bungling, the criminal justice process when it comes to toxic wastes. It seems, for example, that certain governmental agencies in New York are withholding and suppressing vital information about toxic wastes from the public, while others are carefully editing material germane to the issue of the manner in which toxics are handled and by whom, and much about how agencies have grossly mishandled environmental and health hazards.

For example, on September 7, 1982, the Staten Island Advance reported that arsenic, mercury, lead, and other toxic metals seeping out of three city garbage dumps might be accumulating in shellfish and killifish growing in Jamaica Bay, a State panel of landfill experts wrote in a recent unpublished report. The Advance was referring to a study conducted by an ad hoc group known as the New York City Landfill Assessment Team composed of Earl H. Barcomb from the New York State Department of Environmental Conservation/division of solid waste, Robert L. Collin from the division of water, and Wallace E. Sonntag representing the division of air.

In general the ad hoc team found that all prior analyses of New York City's landfills conducted by the city health department and the city's department of sanitation were so flawed as to be worse than useless, and that the landfills did present a clear and present danger to the public health. In fact, the city's landfills have been used for years by toxic waste dumpers and the city agencies supposed to monitor the landfills were either so inept or corrupt that they couldn't or wouldn't act in the public interest.

Also, the State department of environmental conservation has yet to explain why the ad hoc team's report was not released, and coincident with this why the DEC fired Samuel J. Kearing who had been the regional counsel for region No. 2 of the DEC, and had been trying for several years to get the DEC to enforce the law against the city of New York. Kearing joins a list of individuals like Ottens in New Jersey, whose careers have been destroyed because they, apparently, posed a threat to powerful political and criminal interests which combined in the toxic waste industry.

It seems fair to say that a summary of activities and events in the waste industry over the past quarter century, and the toxic waste industry since the late 1970's when it was created, displays an unmistakable pattern of ineptitude or corruption. Serious and capable investigators are harassed, intimidated, suppressed; evidence in cases is mishandled; criminal organizations are legitimized by municipal officials; the identity of informants is revealed; State grand jury proceedings are used to prevent pertinent information from reaching congressional investigators; and clear conflicts-of-interest between regulators and the regulated are permitted.

What makes all the above even more revealing if not menacing, however, is that New York and New Jersey have been among the most carefully scrutinized of States. Probably no area in the Nation has received as much attention as the New York metropolitan region, and that includes attention from those interested in organized crime. Add to that the fact that New Jersey is supposedly a bellwether State in the field of toxic waste investigation and enforcement, and the scope of the national problem emerges. If, as a number of individuals claim, New Jersey at least does something about toxic waste through its manifest system and its hazardous waste task force, can one imagine the plight of the rest?

Senators, I realize that the history and criminology I have presented is starkly pessimistic. However, the examples cited and the conclusions stated are, in a very real sense, rather miminal. I have not touched upon, for instance, the fuel oil industry which displays remarkably similar characteristics and, indeed, some of the same cast of characters.

I have not touched upon either the ancillary activities of many of the organized crime figures mentioned which run the gamut from industrial racketeering, narcotics, gambling, loan sharking, to murder. I have not mentioned other law enforcement figures who have had to conduct homicide investigations of individuals in the waste industry on their own time, using their own financial resources. I have not dwelled upon the possible links between the stealing by organized crime syndicates of a significant portion of the Nation's strategic oil reserve and its reported replacement with sea water, sludge and toxic wastes. The problems are so acute and complex that any more examples would only needlessly complicate the issue.

Chairman Roth. Thank you, Professor.

I think rather than begin the questioning of you, we will proceed and hear from you, Mr. McKenna.

Mr. McKenna. Thank you, Senator.

My name is Jeremiah McKenna. I am counsel to the New York State Select Committee on Crime, which is your counterpart on the State legislative level in New York. We have had the mandate to look at organized crime since 1967 and the committee has accumulated over the years countless files in this area.

The thing I would like to focus on today is the organized crimes, move into the toxic waste industry. We were unaware of this until 1980 when a former colleague of mine in Frank Logan's office, district attorney's office in New York County and I had been in there from 1958 to 1975, came to me and said that he felt an investigation that he was conducting was going to be terminated.

He was then assistant attorney general of the State of New York and charged with the organized crime task force. He had been investigating organized crime and toxic dumping. His predictions came to be true. Shortly after he came to me he was fired in June of 1980 and his investigation was terminated leaving all sorts of loose ends that were never pursued.

The investigation he was conducting started in 1976 when a Yonkers detective called a friend of his in the county sheriff's office and said will you find out what certain trucks are doing when they cross the Tappanzee Bridge. Yonkers is in the county of Westchester on the eastern side of the Hudson River, Rockland County is on the other side, directly across on the other side of the Hudson River, both New York State counties, linked by the Tappanzee Bridge.

They saw garbage trucks loading up in the city of Yonkers with burned garbage and crossing the bridge. It didn't make economic sense that they would travel that distance. So the Rockland Sheriff's Office followed the trucks and caught them dumping in a landfill supposed to be used only for dirt and construction debris because they intended to build an industrial park on the site. The dumping was completely illegal. The Rockland Sheriff's Office went to his local county office and said what kind of a permit do they have. They found they had gotten special zoning there and passed at 11 p.m. New Year's Eve by the town board.

The Rockland sheriff went to the department of health and said you had better take a look at this because burnt garbage can become more toxic than just ordinary garbage. You concentrated the toxic in the ordinary garbage. You have concentrated them through improper incineration. He got a flat denial from the health department that there was any dumping going on. He said Oh? He then took a camera, he filmed the trucks loading up in Yonkers, followed them across, filmed them dumping in Clarkstown dumping in the county of Rockland.

He than went to the district attorney, said we would like you to conduct an investigation. There is something very fishy here. The district attorney flatout refused. In the middle of all of this, a homicide occurred in Rockland County. A 73-year-old grandmother opened her front door and she was murdered with a shotgun blast in the face. Her son-in-law happened to be a garbage collector. He was questioned the following day. He said he believes that the homicide occurred because he had refused to join a new garbage association being formed by the boys from New York.

The garbage association would fix the rates in Rockland County. He didn't want to belong. They had already destroyed three of his trucks. The Rockland sheriff pursued his investigation even in spite of the denial and linked with the dumper to another dump in Rockland County in Ramapo. There they watched garbage being illegally disposed of and they watched toxic waste being disposed of. A garbage dump is a beautiful place to dispose of toxic wastes. Garbage absorbs toxic wastes and liquid wastes very readily. It is like a sponge. Every day in the garbage dump they compress the garbage, they cover it over with 6 to 12 inches of dirt so you start building layers of garbage on top of wherever you dump the toxics making it almost impossible to conduct an investigation after that without doing all sorts of bore hole drilling, et cetera.

They watched the toxics being dumped and they went back to the Rockland District Attorney, who again refused to conduct an investigation but at this point it hit the local media and the organized crime task force was invited in and John Fine got involved in the investigation. He followed the people who were dumping toxics in the Ramapo dump in Rockland County back to New Jersey.

The party involved was a fellow named Anthony Rizzo. A little more investigation revealed organized crime had taken over the Ramapo dump by committing arson upon the house of the fellow who had been running the dump, Eugene Sorgine, to everybody's surprise he had submitted the low bid to run this dump. He got approached by organized crime, fellow named Carmine Franco, who offered to buy him out. Franco was identified in a House committee report as a front to the notorious Tino Fiumara, one of the major mobsters in New Jersey. Tino Fiumara is now in Federal prison having been convicted under the RICO statute. Franco asked Mr. Sorgine if he wanted to sell out. He said, "No, I am perfectly happy." His house was set afire while two of his children were inside. They fortunately escaped but shortly after that he received a phone call from Mr. Franco, who said, "Sorry about the kids, but are you ready to sell?" He said "I sure am" and sold out. They took over the dump, began the toxic waste dumping, John Fine got involved in the investigation.

That is how it started. An interesting sidelight of this was we called in the fire marshal who is involved in the investigation of the Sorgine fire. He said very definitely it was arson, he found the ignitable material, he established it was gasoline derivative, filed his report, the report disappeared from the files of the fire department and the police department of New Jersey where the house was located listed that arson as an accident.

Anyway, Mr. Rizzo was followed back to his beat, New Jersey, Bayonne, N.J., there they found toxic waste trucks now traveling across into Staten Island dumping in an old terminal there called the Chelsea Terminal. Fine's investigation developed that Franco, that the Chelsea Terminal was actually being run by the notorious Albert who was responsible for the Chemical Control Corp. situation in Elizabeth.

If you will recall the Chemical Control in Elizabeth was the site of the toxic dump of approximately 60,000 barrels of toxic waste that blew up in a spectacular fire in April of 1980. That fire probably was the straw that tipped the Congress into passing the Superfund legislation. It burned for at least a couple of days and at one point the mayor of New York had declared an emergency. He was contemplating the evacuation of Staten Island if the wind shifted the burning toxics over onto Staten Island. Staten Island has 300,000 people who live connected to the mainland by four bridges.

The police department said it wold have been one holy mess if they had ever had to evacuate Staten Island.

In the Chelsea Terminal case, he made arrests. Sometime after that, the local district attonery took a plea from one of the defendants to a violation and they were fined $250.

The reason they were using Chelsea Terminal is the State of New Jersey finally enforced and seized the Chemical Control Corp., taken over to stop the buildup of barrels, and Albert had changed his dumping operations to the Chelsea Terminal in Staten Island.

The case against Albert was dismissed. When the fire occurred, Governor Carey—Chelsea Terminal is right across the river from Chemical Control—Governor Carey asked Texaco to clean it up.

Here is one of the points I would like to make, that even in the cleanups of the dumps where toxic wastes have been placed by virtue of the operations of organized crime, unwittingly our environmental agencies are hiring organized crime to clean up the toxic dumps that they themselves created.

They reappear in new manifestations under new corporate names. Then if you trace what happened to the cleanup of these particular dumps, you will find that usually they move the toxic waste to another dump.

I think the Congress has to be very careful that the Superfund legislation is not ripped off by organized crime, who merely moved toxic wastes from one illegal dump to another. That is where I see a huge gap in this whole environmental cleanup picture.

Nobody is really monitoring the cleanups. They see a truck come in, somebody signs a manifest, everybody signs off, the truck goes down the road, it crosses the State line and nobody makes sure that truck has gone to a legitimate dump and properly disposed of those toxic wastes in the particular case of the Chelsea Terminal cleanup and the State of New York outfit called Quanta resources, we subpeneaed the files of the State of New York.

We found they had in their files a grand jury presentment from the State of Pennsylvania describing what Quanta had done in that State.

They dumped millions of gallons of toxic, carcinogenics, mutagenics, and teratogens down a mineshaft, it had gotten into the Susquehanna River. It nearly stopped the water supply city of Danville; they managed to contain the spill 25 miles north of Chesapeake Bay.

It would have shut down the fishing industry of Chesapeake Bay.

What I see here is that the law enforcement authorities are really not into the environmental conservation field. This is the technical field. They don't have any experience. They do know organized crime. On the other side, the scientific and technical types defined in EPA agencies at the State and Federal levels have absolutely no experience with organized crime and don't know the parties with whom they are dealing.

We had no real licensing laws in this field. The people who are getting licenses or getting permits to handle toxic wastes have criminal records. They have been involved in all sorts of criminal activities.

I had the counsel to the State Department Environmental Conservation of New York saying he could not deny a permit to run a landfill to a member of organized crime. He had no discretion in the area.

We have changed the law. But I think licensing in this field should be as tough as getting a casino license. We do a thorough investigation of anybody who wants to run a gambling casino. We do almost no investigation of somebody who wants to handle dioxin, who can do far more damage to this country than anybody running a gambling casino.

Our law enforcement agencies are not really working in this field. We don't have the expertise and I think in a very short time both the Congress and the State legislative level are going to be confronting a mammoth problem that was created because organized crime has gotton in here and just as you cannot root them out as they testified in the labor unions, you are going to have a tough time rooting them out of toxic wastes until we start now to make sure that they don't go any further in the toxic waste field.

Thank you.

Chairman ROTH. Thank you.

I want to stress my appreciation to both of you for being here today and sharing your expertise and experience in this very difficult complex area.

I think you have shed a great deal of light on the dimensions of the problem. I guess what concerns me is that both of you have painted a pretty pessimistic picture of what is happening in our efforts to address the situation.

You heard me make some comments earlier that one of my concerns is that despite all of the light that has been shed on the problem, organized crime is moving into legitimate business and certainly the disposal of garbage is that.

We have had no real headway in controlling the situation. In fact, you point out that the situation is even more complex in the case of toxic waste disposal.

We have the experts on pollution with no experience with organized crime and the law enforcement officials with no experience with pollution.

So my question first to you, Professor Block, and then to you, Mr. McKenna, is: Are our laws adequate on the books, both the Federal and State, and, if not, what do you think can be done?

As I indicated earlier, I am concerned that we just concentrate on a few individual figures in the criminal organization, yet the syndicate continues to flourish and grow?

How do we attack this problem?

Mr. Block. It is awfully hard, given the history that I have presented and we are all aware of——

Chairman Roth. Could you move that microphone up a little closer?

Mr. Block. It is awfully hard to make particular recommendations certainly for myself, I am not an attorney, and given the history that I am aware of and I am sure many here are aware of. But in particular about toxic wastes, without talking about law, I think the most important thing that needs to be done immediately is the creation of a data base, intelligence data base that would allow us to know about backgrounds of firms in the toxic waste business, whether they are holders or landfills or what aspect of the business or industry, it wouldn't make any difference, but some kind of a comprehensive data base.

I am not answering your question about the law, or the legislation in particular, but without that kind of knowledge, that sort of data, then I don't think the question of law becomes as significant.

I don't know who the individuals are, if you don't know what their connections are, who is going to be investigating them? How is one going to know what to target? As a research, what I found most incredible, most appalling, was the lack of systemmatic sustained knowledge of who the actors in this industry are, to find the same cast of characters are turning up in New Mexico, in Florida, and other places and to realize that that intelligence about that cast of characters is only maintained because somebody in the racket's bureau in Brooklyn has an interest, actual interest in retiring in New Mexico and, therefore, has kept in touch. That is the way in which intelligence is generated indicates the incredible chaos, I suppose, at the governmental level.

I know Mr. McKenna has spent a long time thinking about these problems and has addressed the issue. I don't want to speak for Mr. McKenna, but has addressed the issue on organized crime versus disorganized Government and has many questions on that.

Chairman Roth. You have been in Washington too long.

Mr. McKenna. Who structured governmental response? I am sure he can talk much more than I can about the legislature.

Chairman Roth. I think there is a lot of validity in your proposal. It would seem to me, as you say, the collection of data bank is a first step in attacking the problem. I would assume it to be rather helpful in some of the problems that you raised, for example, the fact that it just changed names of companies and so forth, that you have the same actors involved in it.

Would you care to comment?

Mr. McKenna. IBM has studies.

We start subpenaing them.

Who is taking away their toxic waste? They said, who should we give it to? There is no place for them to go and say who are the legitimate disposers in this industry?

If organized crime has a property right system that prevents anybody going to IBM to collect the waste except one of their approved companies.

You see IBM's dilemma. There is no data bank open to the industry to tell them who they can trust in this field.

Second, there is no Federal felony statute on dumping. You have a misdemeanor. So then the Federal prosecutors have to resort to mail fraud or some of the other Federal statutes to try to embrace this area or try to make some kind of a RICO case. But if organized crime is careful, they can avoid mail fraud. They are right now selling waste oil that is contaminated with toxins, toxics that will burn are now being put in oil and sold as fuel oil in the New York metropolitan area.

As long as they label the waste oil or flammable hydrocarbons, where is the fraud? They have robbed the Feds of the jurisdiction by using clever words.

Third, I remember that we have to rethink whether, I say this as a former prosecutor, whether prosecutions should be our major weapon. Too much gets hidden in prosecution, not by design but what goes on in the grand jury, so PFT does not see the light of day, what is collected by prosecution by law enforcement, never sees the light of day, the fellow pleads guilty, the evidence has to rise above the level beyond a reasonable doubt in any criminal prosecution, so many facts and intelligence is denied to the public and to the Congress there but because we rely upon the prosecution as the mechanism of collecting intelligence.

We have to get other devices and more facts out to the public which is the function of your subcommittee and I hope you pursue it in this particular area.

There is no comprehensive national picture right now of organized crime in toxic waste.

Senator NUNN. Would civil RICO be applicable in these cases?

Mr. McKENNA. Very definitely. But remember you are suing organized crime. You get a little too close something might happen to you, if you are the lone civil defendant without the resources of the Government for protection.

What happens when they knock on your door and say you had better stop it and blow up your car to establish a point?

Chairman ROTH. Has organized crime been successful in inhibiting actions of the U.S. attorney by such threats?

Mr. McKENNA. The witnesses are difficult to come by. We don't have to put them on the stand to force them to testify to get intelligence from them. But the truckdrivers and the rest of them who know they have been dumping, who know they may have done something very terrible will tell you off the record, yes, we did it. But don't ask us to testify because it is worth our lives. So you cannot use them in a prosecution. But you can collect intelligence from them, then you go back to the dump site and dig it up.

If it is there you have a pretty good idea what happened. This is all the problems you confront when you deal with organized crime.

Chairman ROTH. I can see where that helps monitor and handle the problem of toxic waste, but it doesn't really tackle the problem of criminal organization.

Are you saying that there is nothing we can do in that area?

Mr. MCKENNA. I am not saying that. I am saying we have to pursue the civil remedies at the governmental level as well.

There is no reason we should leave it to the criminal prosecution. We should be running licensing laws, hitting the tripple damages, when we catch them monopolizing the garbage area, use the old Sherman Act and use all of these civil remedies, take away their trucks, seisure and forfeiture of assets.

Chairman ROTH. Do you feel the laws are adequate with respect to trying to attack the criminal organizations?

Mr. MCKENNA. In toxic waste, no. The laws are primitive. We really have not begun thinking about the evidentiary problems and the proof problems in the toxic waste area, that they are using, demanding scientific proof that is usually beyond the capacity of the particular agency to develop. So I think we need a panel of experts at the congressional level and at the State level to sit down and figure out how to go about pursuing these cases and remedies, what we will need, then build the laws in that field so that we don't have to do these fantastic scientific tests that take a month to do, dug out from under, you know, tons of garbage and their response to something somebody else did.

We have to rethink this.

Chairman ROTH. We are going to ask staff on both the majority and with the concurrence of Senator Nunn on the minority to explore the question further. I think it is one that needs much closer examination.

Let me ask you, at what stages does organized crime exert control over toxic waste disposal?

Mr. MCKENNA. It is moving in. It does not dominate it like the garbage industry but their basis of control, namely, the dumps are I think giving them the advantage. All they need now is some selective violence and they are going to be running the industry.

Some of the biggest giants in the industry have been identified as linked to organized crime, SCA for example. When you have that sort of penetration where big stock exchange companies have been linked to organized crime, you can say that they have got a very big foothold in this industry.

Another thing I want to mention in passing, I contributed to an investigation with the Department of Energy before it was dismantled and as they were looking at it, they kept coming up with organized crime in the fuel oil and gasoline business and why they are moving into this business. They could not figure it out. The Energy Department was dismantled in 1979. Now it is coming out that these are outlets for the toxic waste, that they are moving in a very careflul strategic fashion, penetrating industries which can be used for the disposal of toxic wastes. You can take benzene and flammables and sell it. You can take xylene and cut it with diesel fuel being sold at the gas pumps and in fact they have been actually doing this.

But nobody has put all of this together and looked at the comprehensive picture of how organized crime moves from garbage to toxic and fuel business and God knows where else they are going to go.

Senator NUNN. They are actually mixing toxic waste with fuel oil and gasoline?

Mr. MCKENNA. That is right.

Senator NUNN. Diesel?

Mr. MCKENNA. That is right. We have talked to witnesses who have seen it done. They get caught selling toxic contaminated fuel oil which, the dangers of this are enormous because it is burned in the apartment houses, hospitals, large buildings, if those chimneys are not perfect, those toxic fumes are going through the whole building. People are coming down with illnesses that they cannot explain. In the processes they have destroyed the evidence.

Chairman ROTH. Are these isolated cases or general approach?

Mr. MCKENNA. The State of New Jersey seized a couple of, almost a million gallons of toxic contaminated fuel oil in Edgewater. On that same site they seized another 300,000 gallons from one of the companies mentioned here today, contaminated fuel oil with some of the most dangerous toxics we have ever come across. Channel 7, 22 Newstime filmed this, the trucks going into New York, delivering the fuel oil, then they give the superintendent a $50 bill, took a sample, had it tested, they came out with PCB for example, all have dangerous toxics in that fuel oil being burned in an apartment house in Manhattan. That is the way they work it.

Chairman ROTH. Professor Block?

Let me ask this additional question of you. You did touch on it in your summary. But your testimony has been essentially on New York and New Jersey. Has your research studies indicated that this is fairly typical of what is happening in other regions?

Is this problem pervasive throughout the country?

Mr. BLOCK. I see no evidence indicating that it is not. But I see another pattern that I think is certainly as important. The pattern that I think is also out there is the extention and range of New York metropolitan area organized crime figures into the waste industry, landfills, and other industries, in the Sunbelt States, through different counties in Florida, where we have some investigatory materials.

So there are two things I think. I do not think that New York and New Jersey are atypical in the situation. Second, I think very, very important is the extent, the reach of New York organized crime figures in this industry.

Mr. MCKENNA. John Albert got caught dumping in New Jersey, New York, and Massachusetts. We followed toxic dumpers from Long Island to the State of Indiana dumping in Indiana. One of the few places you can properly dispose of PCB oils in Arkansas and Alabama. Trucks leave New York and New Jersey every day on their way to those two places. A lot of them never get there. They get diverted someplace else because they do not have to pay the proper disposal authority $1 a gallon. All they have to do is pull off somewhere and dump it. So it is very much so a national problem.

I asked congressional investigators, just to assemble in one place all the manifests from around the country that said they had delivered PCB oil to this facility in Alabama. I said if you do it in any one day, they would have jammed every road in the State of Alabama, because there is no way all that PCB oil could have arrived in Alabama during that period of time. This is what is going on. Nobody is putting this together. You cannot ask Alabama to monitor manifests being delivered in New Jersey and New York, and New York and New Jersey are not going to Alabama to see that the trucks that left there arrived at that site and disposed of those PCB oils properly. This is what is happening. It has to be done at the Federal level. Yet EPA has delegated this to the States. The States are utterly unequipped for this.

Chairman ROTH. Let me got to a more local problem for the moment. I agree that has got to be national, in fact there has to be Federal, State, and local involved in almost all aspects of the problem.

But I understand, Professor Block, that your research or what has your reserch uncovered concerning the Capital Recovery Co., which I understand has a Delaware connection.

Mr. BLOCK. In the end of the summer of the House hearing, there was a paragraph by Mr. Gore and I found it interesting because it involved a Delaware corporation. The paragraph said something to the effect that a toxic waste facility in the State of Delaware named Capital Recovery appeared on the manifests, I think three were used as examples, and 270,000-some-odd gallons of toxic wastes were delivered from Union Chemical, I think Public Service Gas & Electric, 270,000 gallons were delivered to this facility in Wilmington. So I thought that clearly, I never heard about the facility in Wilmington.

I did some phoning around the State. Basically what was established was that Capital Recovery was incorporated in 1978 in the State of Delaware, declared void in 1980 for nonpayment of $70.44 in taxes, but nevertheless it was the site on the manifest, it was the facility for 270,000 gallons of toxic wastes.

So what we know is this, that Capital Recovery was incorporated. It was claimed then to be the site to deliver toxic wastes to. If they did that we would have been in big trouble in Wilmington. Capital Recovery never existed. It was nothing.

The question then became what had happened to that toxic waste? Where did it go? We do not know the answer to that question. We do know, I think we know, something about who incorporated Capital Recovery. I think the individual was notorious New Jersey toxic waste dumper. They simply came to Delaware, incorporated Capital Recovery. On the manifest it appeared as a facility, a site. Everything was fine until those things began to be uncovered.

I might add also, that the Congress sent that material to New Jersey which supposedly heads up the intelligence on toxic wastes. They said, find out who these fellows are, what is going on. As far as I know, they never looked at that issue.

The point I want to raise, if they did, they did not tell anybody in Delaware who Capital Recovery was, where that stuff went and what was going on. They never informed anybody in Delaware. Delaware belongs to that 11-State consortium. If they do know, I do not know that they did, they certainly did not perform the dissemination of information that they are supposedly doing.

Chairman ROTH. Not much point in intelligence if you do not share it, is there?

Mr. BLOCK. No.

Chairman ROTH. Is there any evidence that organized crime has impact on the garbage disposal, including toxic wastes in Delaware?

Mr. BLOCK. I think there is some indication, but we are only beginning right now to look at this issue. The States have been very cooperative. Actually, we have only started our efforts in the last 2 weeks. I have no doubt but I have no particular evidence, except from people I have talked to, that Delaware has been used for dumping and that some of the firms that are involved in dumping, consistently dump over time, have been organized crime firms.

Chairman ROTH. Senator Nunn?

Senator NUNN. No. I just want to thank both witnesses. I believe you have identified some areas where we have very wide gaps in the Federal law and the relationship.

I am very impressed with the testimony. I will certainly work with Senator Roth and others to try to close those gaps by introducing legislation.

We need more guidance and we need more thinking in this area. We would like, I think, to keep the record open for your, both of you, to have further observations. I am still left with the question about who at the Federal level ought to undertake this mission.

Obviously EPA has a role in it. Justice has a role in it. How you correlate those two is a real challenge. I have been trying for 5 years to get law enforcement components of the Federal Government to work smoothly together. That is difficult enough. There is some progress being made there. But when you jump over trying to get a coordinated team between the Justice and Environmental Protection Agency, you have really got a challenge. It is going to be tough.

You have identified the problems well. We have just got to tackle it.

Chairman ROTH. I am pleased at this stage to welcome my junior colleague, Senator Biden. Would you like to ask a question?

Senator BIDEN. Yes. Thank you, Mr. Chairman. Let me just thank you, not just for this opportunity but you have been extremely cooperative, you and Senator Nunn, with the Judiciary Committee in allowing us access to the hearings on organized crime. This is the second time I have attended your thorough investigation of organized crime.

With permission, if I could have 5 minutes, then I will stop.

I would like to follow up on another parochial interest, Mr. Chairman, although it may be repeated throughout the Nation. Professor Block, you have just discussed with Senator Roth about whether or not there is dumping via dummy mob controlled corporations. Back in June 1982 in our major paper in Delaware, our largest paper, there was an article entitled "Mob Selling Contaminated Fuel in Delaware." Are you familiar with that at all?

Mr. BLOCK. I am familiar with it. I have not looked at it recently.

Senator BIDEN. If I can refresh your recollection, the allegation in the article was that toxic waste companies with organized crime ties mixed PCB with diesel fuel and heating oil in an attempt to sell it. The alleged amount was estimated at 1 million gallons of contaminated refined fuel oil. This mixing obviously could produce serious health hazards as need not be elaborated upon and the allegation was, organized crime elements see this as a way not only to pad an increased volume of fuel that they are selling, but also a way to cheaply dispose of toxic wastes.

Have you or anyone else with whom you have been working done any research on the issue of padding contaminating fuel with PCB and if you have, have you looked into it in Delaware at all?

Mr. McKENNA. Let me just interrupt here. There is an active investigation going on right now, large scale sales of fuel oil contaminated with toxic wastes, not merely PCB's but the gasoline derivatives in the Delaware, Pennsylvania, New Jersey, New York area. They are selling it at 40 cents a gallon. It was way below wholesale for fuel oil. It was going out as Nos. 4 and 6 fuel oil.

Senator NUNN. There is an active investigation now?

Mr. McKENNA. Yes.

Senator BIDEN. Are either of you able to comment on the specific allegations relating to the million gallons of it being sold in Delaware?

Mr. McKENNA. I am not privy to those specific facts, but we are talking of millions of gallons, 20-million, 30-million-gallon range being sold throughout the area. It is not merely confined to that area; it goes on in New York as well, and other places. It is a toxic waste disposal mechanism that is becoming more and more, especially now, during the heating season, this is the time they get rid of it.

They get paid to take away the toxics, selling it back, diluting the fuel oil, it is a three-way profit.

Senator BIDEN. Could you tell us what the potential health hazard is for a fuel oil laced, if I may, with PCB?

Mr. McKENNA. PCB's have to be burned at 1,600 degrees to be destroyed. The people that it is being burned in home furnaces, or industrial—not home furnaces, but industrial, apartment houses, larger type of furnaces, they are not burning at 1,600, so if there are any leaks in the flues, if that smoke is inhaled by anybody, it just goes out very short chimneys, somebody a block away inhales this, they have in effect been exposed to a carcinogenic substance.

We are just beginning to understand the medical mechanism of the exposure of breathing toxics, what it does to you. We have been in contact with Mount Sinai. They told us there is no course taught in medical school right now that deals with this. They have gotten neurologists together with pathologists, they are trying to figure it out. But they are saying that impact is most felt upon the elderly and the young, that the phenomenon of childhood cancer they think is more and more linked to this sort of thing.

Senator BIDEN. As you indicated earlier, there is an investigation under way now affecting several Northeast and Middle Atlantic States, including Delaware?

Mr. McKENNA. Putting it together. I must tell you, I would love to tell you in executive session what we went through to try to put this investigation together, to the point where they said to us: Look if we seize a tanker, if the Federal Government seizes a tanker containing toxics in New York, there is no place to store it, to hold that tanker while they conduct the tests. Those tests will take at least 2 weeks to sort out the PCB's from all the other possible toxics. These kind of problems are incredible, given the magnitude of the mess.

Senator **Biden**. Mr. Chairman, I am really trespassing on your time.

One of the items that all three of us in varying capacities have worked on is the greater coordination of the crime control effort and Senator Nunn being more of a diplomat than I, and laboring in the vineyards slightly longer than I, indicates we have had some success. I acknowledge that we have had some success, but precious little success in the area. It may be worthwhile and I am certainly not going to presume to tell this subcommittee, but to have on the record in executive session, maybe through the staff, a further delineation of the difficulties in coordinating investigative efforts because I think we need in the legislative end of this equation a very good legislative record.

Senator **Nunn**. He just identified one area, Senator Biden, that there is no antidumping statute, no felony dealing with dumping toxics at all and that any prosecution here has to go through the mail fraud statutes and by careful wording sophisticated criminals can avoid that statute by the way they word the labels. What we have heard this morning is essentially that organized crime is no longer satisfied with the prostitution, gambling, narcotics, and loansharking, but now are busy attacking the health of the American people.

Chairman **Roth**. Or to put it another way, it seems the evidence is rather clear that crime is better organized than Government in this problem. We have agreed that our staffs are going to met with these gentlemen to explore further some of the remedies and problems.

Senator **Biden**. I would like to compliment you both again on not only this particular hearing, but the series you have been holding. They have been thorough, your staffs have been extremely good.

I am confident that the legislative recommendations you will make will receive swift and very favorable action at least on the part of the ranking member of the Judicary Committee and I suspect the chairman.

Chairman **Roth**. We look forward, Senator Biden, and appreciate your joining us today.

Thank you gentlemen, very much, for your helpful testimony. In the interest of moving forward, I think we have next Glenn Fry and Leonard Willis, both staff investigators. Mr. Fry has already been sworn in.

Mr. **Weiland**. Mr. Chairman, I would like to submit for the record, if I can, a letter that you received from the New Jersey Attorney General's Office which addresses this question of organized crime involving toxic wastes and if we could make that an exhibit and submit that for the record.

Chairman **Roth**. Without objection.

[The letter referred to was marked "Exhibit No. 16," for reference, and follows:]

[Exhibit No. 16]

STATE OF NEW JERSEY,
DEPARTMENT OF LAW AND PUBLIC SAFETY,
Trenton, N.J., February 23, 1983.

Hon. WILLIAM V. ROTH, Jr.,
Chairman, Permanent Subcommittee on Investigations,
Washington, D.C.

DEAR SENATOR ROTH: I forward this letter to you in conjunction with your Subcommittee's current hearings into the infiltration of organized crime into the hazardous waste industry.

The Attorney General of the State of New Jersey, as head of the Department of Law and Public Safety, is the State's chief law enforcement officer. In this capacity, he commands the two largest law enforcement agencies within the State, namely, the Division of State Police and the Division of Criminal Justice. I am the First Assistant Attorney General.

A primary mission of the Division of State Police is the collection of intelligence and the gathering of evidence as to the operations of organized crime within the State of New Jersey. The Division of Criminal Justice is primarily involved in the investigation and prosecution of criminal matters having statewide jurisdiction.

Within the Division of Criminal Justice, we currently maintain the Environmental Prosecutions Section—a Section primarily involved in the investigation and prosecution of the illegal storing, hauling and disposal of hazardous waste; and the investigation and prosecution of anti-competitive and racketeering activities in the solid waste industry. In conjunction with this effort, State Police intelligence officers are utilized to collect intelligence information as it pertains to organized crime infiltration into the hazardous and solid waste industries. This network of State Police intelligence officers, located throughout the State, has been briefed and instructed on the methodologies utilized by organized crime to infiltrate these industries.

On diverse dates in late 1980 and in 1981 representatives of these two Divisions and former Attorney General John Degnan appeared in Washington and gave testimony at the hearings of the subcommittee on Oversight and Investigations, Committee on Interstate and Foreign Commerce, United States House of Representatives, with respect to the domination of the New Jersey solid waste industry by organized crime and the infiltration of the hazardous waste industry by these elements. Although this testimony dealt at length with the solid waste industry, I will refrain from expounding upon it at this time in order to respect both the letter and the spirit of a "gag order"; entered in a currently pending trial involving the New Jersey Trade Waste Association conspiracy. I will limit my comments to the hazardous waste industry.

The relative ease with which most hazardous wastes can be illegally disposed of together with the enormous profits generated therefrom, makes this industry peculiarly prone to organized crime infiltration. For example, the most significant effort to infiltrate the hazardous waste industry and impose a system of control through a hazardous waste trade association was that of John Albert, an associate of the now deceased Genovese Organized Crime Family member, Joseph "Joe Beck" Lappi. Although this attempt to impose a system of control was unsuccessful, Albert and his organized crime associates did succeed in the forceable takeover of the Chemical Control Corporation, a licensed hazardous waste disposal facility site. It ultimately cost the taxpayers in excess of 26 million dollars to restore the Chemical Control property to an environmentally safe condition. Presently John Albert is in prison serving a combined sentence of 11½ years. Upon his release, he will be subject to a plea agreement injunctive order which forever precludes him from engaging in the solid or hazardous waste industries in New Jersey in any capacity whatsoever. He is no longer considered a factor in the operation of these industries in New Jersey.

The movement of organized crime into the hazardous waste industry can be further illustrated by an ongoing investigation by both Divisions which substantiated information with respect to the infiltration of a hazardous waste facility by the DeCavalcante organized crime family. This and other ongoing organized crime investigations confirm the involvement and influence of organized crime in the hazardous waste industry. Unfortunately, the ongoing nature of these investigations preclude a further explanation at this time.

I hope that this information will further the goals of your Subcommittee Hearings.

Sincerely.

THOMAS W. GREELISH,
First Assistant Attorney General.

Chairman ROTH. Do you swear the testimony you will give before this subcommittee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. FRY. I do.

Mr. WILLIS. I do

Chairman ROTH. Please be seated and proceed.

TESTIMONY OF GLENN FRY AND LEONARD WILLIS, STAFF INVESTIGATORS, U.S. SENATE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

Mr. FRY. Mr. Chairman, I read into the record part of my statement yesterday and I would like to read the remainder of it today.

In addition to the testimony already received during the subcommittee's hearing on February 15, the minority staff of the subcommittee has been able to develop information which graphically illustrates how the Pagans traffic their narcotics and how they have interacted with organized crime. This information has been received from local law enforcement, Federal law enforcement, and Pagan members themselves.

The Pagans' narcotics operation involves not only Pagan members but also citizens who serve as their source of necessary chemicals to manufacture methamphetamine.

In the mid-Atlantic region, the manufacture of methamphetamine was controlled, for the most part, by three individuals and two organized crime groups, the Pagans and the Bruno organized crime family.

From approximately 1977 through 1981, the main supplier of the chemicals necessary to manufacture methamphetamine was one Ronald Raiton of Dresher, Pa. Raiton was the biggest east coast supplier of P2P. Raiton supplied P2P to Ronald Kownacki and Ronald "Long John" Martorano. Martorano is a member of the Bruno organized crime family. Kownacki was a New Jersey businessman who closely alined himself with the Pagan Motorcycle Club.

Both Martorano and Kownacki had their respective chemists who would manufacture meth from the P2P. Their operations were separate, their clientele was, for the most part, separate. In some instances, Kownacki and Martorano's clientele overlapped. There were times when Kownacki supplied Martorano and vice versa when either's supply of drugs was low.

For the most part Kownacki sold a finished product, meth, to a Pagan named Walter "Buckets" Jozwiak. Kownacki's meth labs would be in such environments as houses, apartments, and in trailers in various public campgrounds. Buckets, a Pagan member from southern New Jersey, was responsible for distributing meth to mother club members of the Pagans throughout the New Jersey, Delaware, and Philadelphia area.

There was a point in time when Kownacki and his associates in the P2P operation also obtained P2P from individuals named George Bostaris and Al Hartzel. Bostaris is purported to be a member of the Philadelphia Greek Mafia. Hartzel is an ex-Philadelphia policeman.

The minority staff has received information that, in addition to the Pagan president, Paul Ferry, also known as Ooch, two of the mother club members who regularly received a supply of meth were Donald Trott, also known as Gypsy, and Charles McKnight, also known as McNut.

Gypsy was the mother club member responsible for Delaware. McNut was the mother club member responsible for parts of Philadelphia and Delaware County, Pa.

Another mother club member who regularly received meth through Buckets was Anthony Mengenie. Mengenie was a Club member of the Pagans who resided in Upper Darby Township, Pa. During last week's hearing, we received documents from the Pennsylvania State Police evidencing search warrants and arrests of Mengenie which resulted in the discovery of quantities of meth on his premises.

Mengenie, according to law enforcement, was responsible for distributing meth to various Pagan members throughout the Philadelphia metropolitian area. Mengenie was arrested and convicted for sale and distribution of meth by the Pennsylvania State Police and the district attorney's office of Delaware County, Pa.

From 1978 to 1981, Kownacki, through Buckets, continued to be the major supplier of meth to the Pagan Motorcycle Club. In 1981 Kownacki was convicted and sent to prison, as was Buckets. However, for a period of time, Kownacki managed to continue supplying the Pagans with meth while in prison.

Information received by the minority staff revealed that, while Kownacki was in prison, he was able to control the P2P and meth traffic. The Pagans were periodically supplied by Kownacki's wife with several gallons of P2P so that they could manufacture meth. She also supplied the Pagans with meth during the time her husband was in prison. While Kownacki was in prison, law enforcement officials believe certain Pagan members learned the process of manufacturing meth from P2P.

We have learned that some of the individuals responsible for manufacturing meth within the Pagan organization were Glenn Turner, Rocco Kovatto, and James DeGregorio. DeGregorio, Kovatto and Turner would manufacture the meth and distribute it, for the most part, to the same group of mother club members, who received meth through Buckets. Two of these members who regularly received a supply of meth were Charles McKnight and Donald Trott.

It was the responsibility of these mother club members, who were regular recipients of Turner and DeGregorio's meth, to redistribute it not only to other mother club members, but also to other Pagan members as well.

Kownacki, prior to going to prison, would utilize the Pagans in every way possible to further the meth operation. Kownacki would travel down the east coast as far as Florida with members of the Pagans to distribute his meth. Kownacki utilized the Pagans as a form of protection. It has been alleged that he purchased a bar in southern New Jersey so that the Pagans would have a place to hang out. It has also been alleged that Kownacki paid Paul Ferry, also known as Ooch, the Pagan national president, $500 a week for protection.

Although Kownacki utilized the Pagans to buy and distribute his meth as well as rely upon them to provide him with protection, he also, according to law enforcement authorities, was paying $10,000 to the Bruno organized crime family for every gallon of P2P that he purchased from Raiton. Kownacki also paid Buckets $1,500 for every pound of meth he delivered to the Pagan motorcycle gang. This seems like an extremely high operating cost; however, Kownacki, who purchased a gallon of P2P from Raiton for approximately $4,500, would sell 1 pound of meth to Buckets for $9,000. Buckets would cut 1 pound of meth almost 50 percent and sell the diluted meth for $10,000 per pound to other Pagans for approximately $900 an ounce.

Ronald Raiton pled guilt in 1981 to conspiracy to distribute P2P. He eventually cooperated as a government witness and has subsequently been admitted into the witness protection program. He testified against Raymond "Long John" Martorano in Martorano's trial for conspiracy to distribute and possession to distribute P2P.

Kownacki was convicted in 1981 of possession with intent to distribute methamphetamine and conspiracy to distribute methamphetamine and is serving a 7-year prison sentence. Law enforcement sources believe that these two individuals were responsible for bringing together, both competitively and eventually cooperatively, the Pagans and the Bruno organized crime family in the manufacturing and trafficking of methamphetamine in the mid-Atlantic region.

During December 1980, Ronald Kownacki was robbed of an unknown quantity of gold by Peter Rinaldi and Victor DeLuca, who are purported to be associates with the Bruno organized crime family. Allegedly, Kownacki was robbed of this gold as an extortion payment for his dealings in Philadelphia. The gold allegedly belonged to the Pagan Motorcycle Club.

Law enforcement authorities believe that Kownacki, who paid Pagan president Paul Ferry for protection, contacted Ferry and explained that DeLuca and Rinaldi had stolen the Pagans' gold. Subsequently, in February 1981, Jimmy DeGregorio and Pagan Eddie Condon confronted Victor DeLuca, Joseph Pedulla and Harry Riccobene in a public parking lot in downtown Philadelphia in an effort to retrieve the gold.

DeGregorio attempted to abduct at gunpoint the three; however, DeLuca stopped the car, fled the scene and was shot in the shoulder by DeGregorio. Riccobene disappeared into the crowd and police arrested DeGregorio, and Eddie Condon.

Sometime after this incident, DeGregorio and Glen Turner met with Harry Riccobene, Victor DeLuca, and Joseph Pedulla at Pedulla's residence to discuss the return of the gold. Glen Turner was included in this meeting because he had been previously acquainted with Riccobene during time spent in jail with him about three years earlier. Law enforcement sources believe that it was at this point in time when the Pagans and Riccobene began negotiating possible joint ventures in trafficking methamphetamine and P2P.

Subsequent meetings were held between DeGregorio, DeLuca, and Pedulla during 1982. Police also observed Pagan Charles McKnight at an April 1982 meeting with these people at DeGregorio's home. Glen Turner, DeGregorio's partner in connection to Riccobene, was involved in the shooting of a New Jersey State policeman and was not involved in the dealings with Riccobene hereafter.

Two other individuals, one a Pagan, who had been in jail with Riccobene, began dealing with DeGregorio. One of these individuals was allegedly involved with Raymond Martorano, who was the organized crime figure operating the methamphetamine business for the Bruno family.

The Pagans learned that Raymond Martorano was demanding 20 percent of their meth operations if they were to operate in the same area as his meth operation. Incensed by this, several Pagans contacted Martorano at Cous' Restaurant in South Philadelphia and confronted George Martorano about this demand. The following Sunday, DeGregorio, Kenneth DeRosa, a one-time chemist for the Bruno family, and Charles McKnight led a group of approximately 30 Pagans on motorcycles to the vicinity of Cous' Restaurant.

The three individuals met with Raymond Martorano, Joseph Ciangalini, and Sonny Merlino. It is believed by law enforcement sources that it was at this meeting that Martorano and his associates backed down from their demand to require 20 percent of all the Pagans' meth dealings and began negotiating a way in which they could work in concert in the manufacturing and trafficking of meth and P2P.

That evening, after the meeting, John Kachbalian, also known as Egyptian, one of the Pagans who had congregated in the show of force outside of Cous' Restaurant, was run over on his motorcycle by Salvatore Sonny Merlino. After exchanging insurance information, it was learned by law enforcement that Merlino's mother's residence was riddled with gunfire as retaliation for the attempt to harm one of the club members.

Subsequent to this confrontation, several of the Pagans met at the Oregon Diner in South Philadelphia with purported members of the Bruno organized crime family, who included Phil Leonetti, Raymond Martorano, George Martorano, Nick Virgilio, Larry Merlino, and Frank Verdino. Also present were Harry Riccobene, Victor DeLuca, and Joseph Pedulla.

It is a widely held belief within the law enforcement community that the Bruno organized crime family had factions within it that were vying for control. Two of these power factions known were the Riccobenes and Martoranos. Martorano, for years, had been controlling the drug distribution operations within the Bruno family. Riccobene's main source of income, on the other hand, was that of the traditional organized criminal ventures, such as gambling, extortion, and loansharking.

Riccobene, in an effort to gain control of the decimated Bruno family, attempted to aline himself with the Pagans to develop a drug operation of his own and possibly overtake Martorano's operation.

The Pagans were a powerful group in Philadelphia. Law enforcement sources believe that both Riccobene and Martorano sought their cooperation because of their expertise in the manufacture and distribution of methamphetamine and their success at it. It is believed that because of the split in the Bruno organized crime family, neither Riccobene nor Martorano believed that they could overtake the Pagans in an effort to control the drug market. Therefore, each tried to aline themselves with the Pagans. On the other hand, the Pagans had factions within their club who attempted to aline themselves with either Riccobene or Martorano. According to law enforcement sources, some Pagans believed Riccobene to be in a position in the Philadelphia family to make money in the drug market—others felt Martorano was the power.

Informed sources have disclosed that they believed that the Pagans, in April 1982, during a confrontation with Bruno organized crime family figures at the Oregon Diner in Philadelphia, were in a position to overthrow the family and take control of Philadelphia using their drug operations as their source of power, influence, and wealth. The Pagans, however, were not united in their effort to do this. Informed sources believe that an agreement was therefore made between the bikers and the mob which carved out respective territories for both to pursue their drug trafficking operation.

Today we have called as witnesses Donald Trott, also known as Gypsy, and Charles McKnight, also known as McNut. We have heard testimony from law enforcement in which their intelligence information indicates that both Charles McKnight and Donald Trott are mother club members of the Pagan Motorcycle Club. In fact, it has been alleged that Donald Trott is the national vice president of the Pagan Motorcycle Club.

We have information that says Donald Trott has been a Pagan for at least a decade or longer. He resides in Newport, Del., near the Maryland border. We have heard that Donald Trott, as a mother club member, controls the geographical areas of southern Delaware and northern Maryland where he has set up chapters and has organized a narcotics trafficking scheme in that area.

Charles McKnight is a mother club member who resides in Darby Township, Pa. We understand that McKnight has been in the Pagan organization since 1978. The subcommittee has been provided with information that indicates McKnight is also responsible for certain geographical areas within Philadelphia, and Delaware County, Pa., for the manufacture and distribution of methamphetamine and P2P.

We have information which has placed both Mr. Trott and Mr. McKnight in the company of members or associates of the Bruno organized crime family.

Donald Trott, according to law enforcement sources, has been using Kenneth DeRosa as a source of supply for methamphetamine within the last year or year and a half. Our information suggests that mother club members are involved with the Bruno organized crime family members in an effort to manufacture and distribute methamphetamines and P2P. We have been informed that both Mr. McKnight and Mr. Trott own or rent their homes, own motorcycles and own automobiles. However, according to law enforcement sources, we are not aware that either one of them is gainfully employed.

The subcommittee today has called these two men in to testify regarding their respective roles as mother club members of the Pagan Motorcycle Club as well as to describe the activities, structure, and ideology of the outlaw motorcycle gangs.

Chairman ROTH. Please proceed, if you could. I would appreciate it if you could summarize.

Mr. WILLIS. Before I begin the statement, I would like to draw your attention to page 8, paragraph 2. We have Mr. Salvatore Merlino listed on this page, this paragraph, as being convicted. That is incorrect.

Senator NUNN. I understand he was charged, but not convicted. Is that right?

Mr. WILLIS. That is correct.

Senator NUNN. That statement that has been put out is in error?

Mr. WILLIS. That is correct.

The minority staff of the Permanent Subcommittee on Investigations has received information on the background and activities of Harry Riccobene, John Stanfo, Joseph Cianaglini, and Salvatore Merlino who have been subpenaed to testify here today. That information was drawn from reliable State, local and Federal law enforcement sources as well as documents of public record and can be summarized as follows:

Harry Riccobene, also known as Hunchback Harry, home address of 728 Carpenter Street, Philadelphia, Pa., FBI No. 470924, was born on July 27, 1910 in Sicily. Harry Riccobene has spent most of his adult life behind bars. Riccobene has been arrested and convicted for violations of narcotics, gambling, and securities theft. Riccobene has had various sources of employment, including owner-operator of Yesteryear Lounge as well as employment at Tyrone DeNittis Talent Booking Agency, formerly of 1634 South Broad Street, Philadelphia, Pa. Harry Riccobene's half brother, Mario Riccobene, was also employed at DeNittis Talent Agency.

In 1969, Harry Riccobene, John Scially, and Joseph Zavod were indicted by a Federal grand jury on charges of interstate transportation of stolen securities. The three were found guilty in 1970 of trying to sell a $500,000 U.S. Treasury bond which had been stolen from the Wall Street brokerage house of Wertheim & Co.

Senator NUNN. I would ask the remainder of this statement, Mr. Chairman, on Riccobene be put in the record. We have laid considerable foundation on this particular witness. I think we have laid considerable foundation on the others. We do have this as a matter of record for the foundation. But we could go ahead and just try to summarize with two or three sentences each one of these. I think we could save 15 or 20 minutes which at this stage is going to be necessary.

Chairman ROTH. I think the suggestion is a good one. I would ask you to proceed accordingly.

Mr. WILLIS. This statement will contain information relative to Mr. Riccobene's association with organized crime, particularly the Angelo Bruno and Scarfo family in Philadelphia, Pa. I would ask it be moved into the record. The same would apply for Mr. Joseph Ciancaglini who we have received information on that he is presently occupying the position of Caporegime in the Bruno Scarfo family of Philadelphia. I request that this information on Mr. Ciancaglini be placed in the record.

Chairman ROTH. So ordered.

[The information follows:]

HARRY RICCOBENE

Harry Riccobene, also known as "Hunchback Harry," home address of 728 Carpenter Street, Philadelphia, Pa., FBI #470924, was born on July 27, 1910, in Sicily. Harry Riccobene has spent most of his adult life behind bars. Riccobene has been arrested and convicted for violations of narcotics, gambling, and securities theft. Riccobene has had various sources of employment, including as owner-operator of Yesteryear Lounge as well as employment at Tyrone DeNittis Talent Booking Agency, formerly of 1634 South Broad Street, Philadelphia, Pa. Harry Riccobene's half brother, Mario Riccobene, was also employed at DeNittis Talent Agency.

In 1969, Harry Riccobene, John Scially and Joseph Zavod were indicated by a Federal grand jury on charges of interstate transportation of stolen securities. The three were found guilty in 1970 of trying to sell a $500,000 United States Treasury Bond which had been stolen from the Wall Street Brokerage house of Wertheim and Co.

Starting in 1976, law enforcement authorities received court approval for a wiretap at DeNittis Talent Agency. For several years recordings were obtained of Harry Riccobene's involvement in loansharking and gambling in Philadelphia, Pa. Additionally, recordings obtained through court order at Frank Cabana's Streak House have Riccobene, Frank Sindone, Phillip Testa, Carl Ippolito, Nicomedo Scarfo, Joseph Ciancaglini and other organized crime figures involved in conversations centered around gambling and loansharking activities of the Bruno/Scarfo LaCosa Nostra family.

Harry Riccobene was released on parole in 1975. In February of 1978, Riccobene was arrested at the Tyrone DeNittis Talent Agency where he worked since his release from prison. Riccobene was arrested for violating his parole because he was associating with organized crime figures, including Bruno and Mario Riccobene. On May 6, 1978, Riccobene was returned to prison for violation of probation; he was subsequently released.

On February 20, 1981, Riccobene was arrested by the FBI and charged with various crimes under the RICO statute. He was sentenced to 9 years in prison and fined $15,000 on racketeering charges. Recently, Riccobene's bail was revoked as a result of an arrest for carrying a gun without a license.

Harry Riccobene has served time in jail with Pagan motorcycle gang member Glen Turner. Riccobene has been known to have dealings with Turner and other Pagan members, including his use of two Pagan members as bodyguards. According to law enforcement reports, Riccobene has met and discussed with Pagan members the possibility of joint ventures in methamphetamine and P2P.

Lt. Col. Justin Dintino of the New Jersey State Police lists Harry Riccobene as a caporegime of the Bruno/Scarfo LaCosa Nostra family. The Pennsylvania Crime Commission also places Harry Riccobene as a caporegime in the Bruno LaCosa Nostra family. This is illustrated by charts prepared by the Pennsylvania Crime Commission. Additionally, the Philadelphia Police and countless newspaper articles confirm Harry Riccobene's long association with organized crime as a made member in LaCosa Nostra.

In 1976, at Frank Cabana's Steak House, Harry Riccobene, Phillip Testa, Frank Sindone, Frank Narducci and Nicodemo Scarfo are heard in court authorized wiretaps discussing structural changes within the Bruno LaCosa Nostra family.

Harry Riccobene is described by investigators as a survivor, a politician, and a cunning old man who, at 72, is not about to share or give up his gambling and loansharking operations. As such he has not been immune from the internal violence which the Bruno/Scarfo family has experienced since Angelo Bruno's death in 1980.

In June of 1982, Harry Riccobene was shot and seriously wounded while making a telephone call from a public telephone booth. Riccobene claimed that he took a weapon from his assailant but was unable to identify him.

On July 31, 1982, Salvatore Testa, son of murdered La Cosa Nostra boss Phillip Testa, was shot and seriously wounded in Philadelphia, Pa. Salvatore Testa was shot by Victor DeLuca and Joseph Pedulla who are known associates for Harry Riccobene. On January 10, 1983, DeLuca and Pedulla were convicted of the assault on Salvatore Testa. Law enforcement authorities have theorized that this assault was in retaliation for the June 8, 1982 attempt on Riccobene's life.

On August 21, 1982, while Harry Riccobene was seated alone in his automobile, an unknown individual wearing a jogging suit jogged up to the side of his car and emptied a revolver at point blank range. All of the shots missed Riccobene and when questioned by law enforcement officials, he could furnish no information on the attempt on his life. On August 8, 1982, the Washington Post quoted Riccobene in discussing this internal violence with a police investigator, as ". . . complaining about these new kids in the family. He—Riccobene—says you just can't talk to them anymore."

JOSEPH CIANCAGLINI

Joseph Ciancaglini, also known as "Chickie," FBI Number 959960D, 732 Hutchinson Street, Philadelphia, Pa., was born on December 15, 1934. The Pennsylvania Crime Commission in 1980 reports the following:

In 1967, Teamsters Union Local 107 in Philadelphia, Pa., was having problems with corruption and a power struggle. Opposing members of local 107 were Robert DeGeorge and Charles Amoroso. DeGeorge and Amoroso were aware of local 107's connection with organized crime and they, Amoroso and DeGeorge, wanted to "clean up" local 107.

In June of 1966, John Gorey, a 107 business agent, and his secretary were found murdered in the local's offices. Authorities believe the two were killed because they were about to expose union corruption.

Another murder occurred about a year later, around the time that local 107's international organization was planning to put the local into trusteeship for a second time.

DeGeorge and Amoroso believed that the trusteeship would simply replace one corrupt organization with another and prevent them from ever trying to gain control of the union. In August 1967, DeGeorge and Amoroso held a meeting of their supporters who were opposed to the trusteeship.

The following day, DeGeorge was shot and killed during a gunfight outside of the union hall on Spring Garden St., Philadelphia, Pa. During the gun battle, Joseph Ciancaglini was wounded in the stomach. Ciancaglini was implicated in the DeGeorge murder, but was acquitted along with Rocco Turra who also opposed DeGeorge and Amoroso.

In 1970, Frank Sindone was a caporegime in the Bruno Crime Family. Frank Sindone introduced, and had inducted, Joseph Ciancaglini into the Bruno LaCosa Nostra crime family. Ciancaglini's role was that of chauffeur and bodyguard to Sindone, becoming a "made" member of the Bruno family in the early 1970's.

In the Bruno family, Frank Sindone was the primary backer for gambling and loansharking. In addition to his role as chauffeur and bodyguard, Ciancaglini was an enforcer for Sindone.

The Pennsylvania Crime Commission printed excerpts from government affidavits in their 1980 report that Ciancaglini was designated as the other person, in the absence of Frank Sindone, with the authority to make loans at a wholesale 10 percent rate. Specifically, this affidavit consisted of a loansharking plan between Frank Sindone, Vincent Panetta, and Pete Ranioa. Sindone's instructions to Panetta and Ranioa was: "failure to pay would result in a visit from Ciancaglini."

The Pennsylvania Crime Commission report also referred to a March 1976 FBI recording supporting the allegation of Ciancaglini's involvement in gambling. This recording took place at Frank Cabana's Steak House located at 10th and Moyamensing St., Philadelphia. Frank Cabana's Steak House is a known hangout for Frank Sindone and Ciancaglini. This was a recorded conversation of a joint gambling scheme between Joseph Ciancaglini, Carl Ippolito, Frank Sindone, Nicodemo Scarfo, Frank Narducci, and Phillip Testa.

Frank Sindone, Phillip Testa and Frank Narducci, due to their untimely deaths, have since been removed from the gambling scene in Philadelphia. Carl Ippolito continues to operate as a gambler, traveling throughout the United States. Nicodemo Scarfo continues to head the Bruno family from his prison cell in Texas.

The testimony of New Jersey State Police, Lt. Col. Justin Dintino, which will be read into the record, lists Ciancaglini as a caporegime in the Bruno crime family. The testimony of the Pennsylvania Crime Commission also lists him as a caporegime.

Filed in the Department of Justice Memorandum of Law Re Sentencing in the United States District Court for the Eastern District of Pennsylvania, *United States* v. *Phillip Testa,* Criminal Number 81-00049, FBI confidential informants give substantive information on Ciancaglini's position, power, knowledge and authority within the Bruno/Scarfo La Cosa Nostra family.

During 1981, confidential informant No. 1 personally knew Nicodemo Scarfo, Joseph Ciancaglini and Pasquale Spirato. This informant learned through conversations with Scarfo and Ciancaglini that the new leadership in the Bruno family consisted of Nicodemo Scarfo, Boss; Salvatore Merlino, Underboss; Frank Monte, Consiglieri; and Joseph Ciancaglini, Caporegime.

In March 1982, confidential informant No. 1 reported to FBI agents new instructions from Nicodemo Scarfo to his underlings regarding the new orders to bookmakers in the Philadelphia area. Specifically, Scarfo ordered all bookmakers to consolidate with the Bruno family. He, Scarfo, appointed Ciancaglini to oversee this operation. Orders were that "any bookmaker refusing to pay the Bruno family and does not go out of business will be made an example."

In 1982, FBI confidential informant No. 2 also documented in the law Re Sentencing *United States* v. *Phillip Testa*, reported to FBI agents that Nicodemo Scarfo is the current boss of the Bruno family. Ciancaglini holds the position of caporegime.

This informant learned, through conversations with Ciancaglini, that Frank Narducci's refusal to adhere to certain orders given by Scarfo was part of the reason for Narducci's murder.

In March 1982, while referring to the recent murders within the Bruno family, Ciancaglini told informant No. 2 that there were more murders to come. Since that conversation, Rocco Marinucci was killed on March 15, 1982, Frank Monte was killed on May 13, 1982, and Robert Nornickel was killed January 27, 1983.

Murder attempts were made on Harry Riccobene who was seriously wounded on June 8, 1982. Salvatore Testa was seriously wounded on July 31, 1982.

We can approximate, based on information provided to FBI agents by confidential informant No. 3—see Law Re Sentencing of *United States* v. *Phillip Testa*—that Ciancaglini's appointment to caporegime occurred during the spring of 1981. Since Ciancaglini's induction into the Bruno La Cosa Nostra family in 1970, he has risen to the number three position.

Ciancaglini's criminal history is well documented in the Pennsylvania Crime Commission report of 1980, testimony of law enforcement officials and the United States District Court of Pennsylvania.

Mr. WILLIS. I would like to move on to Mr. Salvatore Merlino. It is our information that Mr. Merlino who lives in Philadelphia, Pa., who is the cousin of the Nicodemo Scarfo is also listed by the Pennsylvania Crime Commission of Philadelphia, and the FBI, as an underboss in the Bruno Scarfo family.

Our information is that the present boss of the Bruno family is Nicodemo Scarfo, Salvatore Merlino would be the underboss, Ciancaglini would act as the "Caporegime" in their family, as does Harry Riccobene. Because you have requested the time be cut on this particular issue, I would like to move to Mr. John Stanfa.

As you know, and from previous testimony from others, Mr. Stanfa was the individual who was driving the car in which Angelo Bruno was found shot to death.

Mr. Stanfa was later questioned by police officers in the Philadelphia area. He gave inconsistent statements concerning his knowledge of that particular shooting. Mr. Stanfa later left Philadelphia, was apprehended by FBI agents in Landover, Md., where he was working at a pizza shop. Our information is that that pizza parlor has connections with the Gambino family in South Jersey. Also the automobile that Mr. Bruno was found shot was also listed as one of the members of the Bruno family. I am sorry, the Gambino family. I will request that this statement be placed in the record and that the corrections on page 8, paragraph 2, reflect that it was in error.

Chairman ROTH. Without objection, so ordered.

[The information to be furnished follows:]

SALVATORE MERLINO

Salvatore Merlino, "Sonny," "Chuck," or "Chuckie," 927 Jackson St., Philadelphia, Pa., was born on June 29, 1939. His wife's name is Rita Bonito and his children are Joseph, born on March 13, 1962, and Maria, born on February 10, 1961.

Salvatore Merlino is listed by the Pennsylvania Crime Commission as the underboss of the Angelo Bruno/Nicodemo Scarfo La Cosa Nostra family. Salvatore Merlino is the cousin of Nicodemo Scarfo. As outlined in the Pennsylvania Crime Commission chart, Merlino is the underboss, second in command, and Scarfo's Uncle, Nicholas Piccolo, acts as the consigliere in the Bruno/Scarfo La Cosa Nostra family. Merlino now acts for Scarfo in family matters, given Scarfo's present incarceration.

In April of 1976, Salvatore Merlino was a constant visitor to Frank Cabana's Steak House. Frank Cabana's Steak House has been described by the Pennsylvania Crime Commission as a known hangout for organized crime members.

Frank Cabana's Steak House has been the subject of court approved wiretaps. Recordings in April of 1976, clearly show Merlino's personal knowledge of organized crime structure and activities in Philadelphia.

On April 2, 1976, at Frank Cabana's Steak House, Salvatore Merlino and Frank Sindone are recorded during their discussion of known members of La Cosa Nostra. There is mention of Frank Costello, Gerando Cartena, Carlo Gambino, Johnny Keyes and Benny Malone.

Again, on April 2, 1976, at Frank Cabana's Steak House, Salvatore Merlino and Frank Sindone discuss Sindone's intentions to purchase a ranch and retire from the La Cosa Nostra. Frank Sindone told Salvatore Merlino that Angelo Bruno was not pleased with his decision to retire even after he had promised to allow Bruno and Tesa an equal split of his "stuff"—gambling business.

On October 20, 1980, Frank Sindone's body was found stuffed into two plastic garbage bags in South Philadelphia.

On February 20, 1981, Salvatore Merlino was named as a unindicted coconspirator with Harry Riccobene, Joseph Ciancaglini and Frank Narducci for various crimes under the RICO statute.

Filed in the Department of Justice Memorandum of Law Re Sentencing in the United States Court for the Eastern District of Pennsylvania, *United States* versus *Phillip Testa,* criminal number 81-00049, FBI informants directly link Salvatore Merlino with the Bruno/Scarfo La Cosa Nostra family. Specifically, confidential informants #1 and #3 told FBI agents that Salvatore Merlino was the underboss of the Bruno/Scarfo La Cosa Nostra family.

Law enforcement agencies in Philadelphia make reference to a meeting in April of 1982. This meeting was held at Cous' Little Italy Restaurant between Salvatore Merlino, Phillip Leonetti, Joseph Ciancaglini, Lawrence Merlino and Frank Vadino. Also present were Pagan motorcycle club members Charles McKnight and James DeGregorio. This meeting was held to discuss the distribution and sale of methamphetamines within a geographical area controlled by the Bruno/Scaro La Cosa Nostra family.

At the conclusion of this meeting, there were disagreements between the La Cosa Nostra people and the Pagans. One Pagan biker, "Egyptian" Kachbulian, had his motorcycle parked near Salvatore Merlino's automobile. Merlino asked the biker to move his motorcycle. When there was a slight delay by Kachbulian, Merlino used his automobile to push the motorcycle out of the way injuring Kachbulian. This incident has been recorded by surveillance teams from within the law enforcement community.

The information as outlined in this memorandum has been documented by law enforcement officials, public records and the Pennsylvania Crime Commission.

JOHN STANFA

John Stanfa, also known as "John Stanfa," is 41 years of age and was born in Sicily, immigrating to the United States in 1964. John Stanfa obtained his citizenship after his marriage to Lena Lagone. Stanfa's home address is 1743 West Passyunk Ave., Philadelphia, Pa.

According to the Pennsylvania Crime Commission, Mr. Stanfa was a "made" Mafia member prior to this entrance into the United States in 1964. Since that time, Stanfa has been associated with the Gambino organized crime family.

Operating a small home improvement business, Stanfa is closely associated with Ralph Puppo, son-in-law to Angelo Bruno. Stanfa did home improvement work at Bruno's home, the homes of other organized crime members, and at Cous' Little Italy Restaurant, where Angelo Bruno had his last dinner.

On March 25, 1980, after dinner at Cous' Little Italy Restaurant, 901 South 11th, St., Philadelphia, Angelo Bruno was driven to his house. The driver, John Stanfa, was new to Bruno and Bruno liked him since Stanfa came highly recommended. Bruno's consigliere, Tony Caponigro, vouched for Stanfa because Stanfa's family back in Sicily is reportedly connected to the highest levels of the Italian Mafia.

Stanfa parked the car just a few yards from Bruno's front steps. As Bruno sat talking with Stanfa and despite the fact that the night was cold and blustery, Stanfa hit the power window switch next to Bruno's head. The "hit man" allegedly walked up to the side of the car and placed a shotgun to the back of Bruno's head and fired. Stanfa was slightly injured in his arm and shoulder. Bruno died instantly. When questioned on different occasions concerning details of Bruno's shooting, Stanfa gave inconsistent accounts of the incident: first claiming to have seen the supposed murderers flee the scene, and later insisting he saw nothing the night of the murder.

On March 22, 1980, Frank Sindone and John Simone, a caporegime in the Bruno family, went to the hospital where John Stanfa was recuperating. Simone and Sindone spoke in Italian and it is speculated that they discussed the Bruno shooting with Stanfa.

On March 27, 1980, law enforcement surveillance teams observed Frank Sindone and John Stanfa driving to Yardley, Pennsylvania where they met John Simone. From Yardley, they traveled to Newark and finally to New York City. In New York, they met with Tony Caponigro and Alfred Salerno. FBI agents photographed their meeting. Subsequently, the photographs were displayed and eventually used to convict Stanfa of perjury before a Federal grand jury sitting in Philadelphia, Pa.

April 1, 1980, John Stanfa disappeared from the Philadelphia scene. On April 18, 1980, Tony Caponigro's body was found in a trash bag in the trunk of a car on a vacant lot in Staten Island. Later the same day, April 18th, Alfred Salerno's body was found stuffed in a mortician's bag. September 19, 1980, John Simone's body was discovered, also on Staten Island, shot once in the head. Finally, on October 30, 1980, Frank Sindone's body was discovered behind G. C. Murphy's near 21st and Oregon St., Philadelphia, Pa.

On December 11, 1980, acting on a tip, FBI agents arrested John Stanfa in the parking lot of the Forest Lake Apartments at 9869 Good Luck Road in Lanham, Md. Stanfa went into hiding in April of 1980 and, at the time of his arrest, Stanfa was working at Luciano's Pizza Shop in the Landover Mall under several aliases. Subsequently, Stanfa was convicted of perjury and is now serving a 8 year sentence. The car that he was using as well as the pizza parlour he was working at have been linked to the Southern, New Jersey Gambino family.

Law enforcement officials have accumulated very little intelligence on Stanfa. Again, Stanfa is believed to be closely associated with the Gambino family as a "made" member of the Mafia.

Chairman ROTH. At this time, I would like to welcome our colleague from Pennsylvania, Senator Specter.

Senator SPECTER. Thank you very much, Mr. Chairman.

Senator NUNN. I might say Senator Specter, your Crime Commission people made very excellent statements yesterday and we are impressed with what they are doing in Pennsylvania

Senator SPECTER. We have a very experienced Crime Commission in Pennsylvania. They have a lot to work with and a lot to work on.

Senator NUNN. I also understand that they think very highly of the work you did in that regard while you were in Pennsylvania, you are still in Pennsylvania, but in absential at the moment, but you have considerable background in this area and have been very involved. I know I speak for all the subcommittee when I say we welcome you here and also welcome the opportunity of working with you in the Senate.

Chairman ROTH. I think we may have some evidence later this morning about your past work in this area.

At this time I would like to call forward Mr. Harry Riccobene.

Mr. Riccobene, you will please continue to stand, raise your right hand.

Do you swear the testimony you will give before this subcommittee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. RICCOBENE. Yes. I do.

TESTIMONY OF HARRY RICCOBENE, PHILADELPHIA, PA., ACCOMPANIED BY MARIO ALFONSO, COUNSEL

Chairman ROTH. Please be seated.

Would counsel identify himself?

Mr. ALFONSO. Certainly.

Good afternoon. Mr. Mario Alfonso. I represent Mr. Riccobene.

Chairman ROTH. Mr. Riccobene, are you currently employed? If so, by whom?

What was your personal income last year? What were the sources of that income?

Mr. RICCOBENE. On advice of counsel, I respectfully decline to answer that question based on my rights under the Constitution of the United States and all of the amendments which pertain to me.

Chairman ROTH. Where do you reside?

Mr. RICCOBENE. 2725 Glover Street, Philadelphia.

Chairman ROTH. Is it not true that you are a paid member of the Bruno Scarfo organized crime family?

Mr. RICCOBENE. On advice of counsel, I would respectfully decline to answer that question based on my rights under the Constitution of the United States and all of the amendments which pertain to me.

Chairman ROTH. Did you know Angelo Bruno?

Mr. RICCOBENE. On advice of counsel, I would respectfully decline to answer that question based on my rights under the Constitution of the United States and all of the amendments which pertain to me.

Chairman ROTH. Mr. Scarfo appeared before our subcommittee last year. Do you know Mr. Scarfo.

Mr. RICCOBENE. On advice of counsel, I respectfully decline to answer that question based on my rights under the Constitution of the United States and all of the amendments which pertain to me.

Chairman ROTH. Senator Nunn?

Senator NUNN. Mr. Riccobene, have you been convicted of a crime?

Mr. RICCOBENE. On advice of counsel, I respectfully decline to answer that question based on my rights under the Constitution of the United States and all of the amendments which pertain to me.

Senator NUNN. Mr. Riccobene, are you taking the position that testifying as to previous convictions would violate your right under the fifth amendment?

Mr. RICCOBENE. On advice of counsel, I respectfully decline to answer that question based on my rights under the Constitution of the United States and all of the amendments which pertain to me.

Senator NUNN. I would ask counsel if he would explain his client's position on refusing to answer a question that relates to a previous conviction and if counsel could explain to the subcommittee how relating information on previous convictions could possibly incriminate his client.

Mr. ALPHONSO. Certainly.

Mr. Riccobene has several legal situations outstanding in the Philadelphia Court of Common Pleas, as well as Federal court. If the third circuit of Federal court reverses his past conviction, recent conviction, and he is granted a new trial, any publicity which might come from this subcommittee, which may go to the public, may jeopardize his rights to a fair trial and further, there is an ongoing trial now which I believe might be jeopardized if adverse publicity of past record in this subcommittee were to get to the ears of hearers of that trial.

Senator NUNN. Is that a matter of incrimination under the fifth amendment, fear of adverse publicity?

Mr. ALPHONSO. I believe it is a protected right that he has to a fair trial.

Senator NUNN. What amendment are you dealing—what amendment are you laying that claim on, the fifth amendment of the Constitution, or some other provision of the Constitution?

Mr. ALPHONSO. I believe that he has invoked all of the amendments. I believe he has a right to a fair trial under the Constitution. I believe because he has that right, he may exercise his right not to testify in any regard that might jeopardize that right under the Constitution.

Senator NUNN. It seems to me he is in effect claiming his rights under the sixth amendment in regard to this particular question, is he not?

Mr. ALPHONSO. He very well may be. He has invoked all of the amendments of the Constitution as they pertain to his situation.

Senator NUNN. In terms of adverse publicity affecting subsequent trials, would this not be a matter for the trial judge to determine at the time of the trial, and would you not be protected under the law if he could establish that to the trial judge?

Mr. ALPHONSO. At this point we are actually involved in the trial. We have begun proceeding. It is not something that will come up in the future.

Senator NUNN. I would ask counsel to submit in writing your views on this particular question. I understand Mr. Riccobene's right under the fifth amendment. I understand the answer to the other questions. I would like counsel to particularly direct your comments, if you could, in writing to the claim of not answering this question and whether that indeed is under the fifth amendment. If it is not under the fifth amendment, what provision you are relying on of the Constitution in refusing to answer the question in relation to previous conviction.

Mr. ALPHONSO. May I confer with my client? May I have one moment to confer with my client?

Senator NUNN. Yes.

Mr. ALPHONSO. My client still wants to exercise his right.

Senator NUNN. I would submit again to the chair that there is a right of the witness not to answer on the grounds of self-incrimination. I know of no right of the witness not to answer on the grounds of possible adverse publicity. Therefore, I would ask, Mr. Chairman, that the witness be directed to answer the question that was just directed to him as to whether he had been previously convicted of a crime.

Mr. ALPHONSO. Might Mr. Riccobene be told what the scope of that question would be? If it is limited to the existence of a past record, then I would instruct him to answer that question.

Senator NUNN. That is the scope of the question at this point. I may have other followup questions. That is the scope of this question; previous convictions, what they were, when they were, and what the sanctions were.

Mr. ALPHONSO. Would you please repeat the last question that was asked of my client?

Senator NUNN. I didn't understand.

Mr. ALPHONSO. Would you please repeat the last question?

Senator NUNN. Yes.

I asked Mr. Riccobene if he had been convicted of a crime?

Mr. RICCOBENE. Of a crime, or of crimes?

Senator NUNN. We will make it singular to begin with and then we will go to plural.

Mr. RICCOBENE. Yes, sir, I have.

Senator NUNN. Could you give us the crimes that you have been convicted of and the approximate dates, to the best of your ability?

Mr. RICCOBENE. One moment, please.

On the advice of counsel, I respectfully decline to answer that question based on my rights under the Constitution of the United States and the fifth amendment.

Senator NUNN. It seems counsel has changed his advice in the last few minutes, which is the right of counsel. But would counsel—it was my understanding that counsel was going to permit his client to answer that question.

Mr. ALPHONSO. I believe I had addressed the issue as to whether or not he had been convicted of crimes, as to what they are, the nature of some of his convictions may be such that they may in fact jeopardize his fifth amendment rights.

Senator NUNN. Fifth amendment rights?

Mr. ALPHONSO. Yes, sir.

Senator NUNN. The nature of his convictions may jeopardize his fifth amendment rights of incrimination?

Mr. ALPHONSO. As in relation to any new charge which might develop from this subcommittee. My client feels that any information that he might give which is a matter of public record would or could lead to jeopardy on his part.

Senator NUNN. Under the fifth amendment?

Mr. ALPHONSO. I believe all of the amendments my client expressed.

Senator NUNN. I know of no right to refuse to testify on the basis of any amendment except the fifth amendment. Is counsel contending there are other amendments of the Constitution that gives Mr. Riccobene the right not to testify?

Mr. ALPHONSO. I would be happy to respond to that in writing as you requested.

Senator NUNN. Let me reword the question.

We will try it again. Have you been convicted of crime?

Mr. RICCOBENE. Yes.

Senator NUNN. Have you been punished for that conviction?

Mr. RICCOBENE. Yes.

Senator NUNN. Have you been fined for those convictions? Have you ever had a fine?

Mr. RICCOBENE. No, I haven't.

Senator NUNN. You have never paid a fine?

Mr. RICCOBENE. No, sir.

Senator NUNN. Have you ever filed income tax returns?

Mr. RICCOBENE. Yes, sir.

Senator NUNN. Would you tell us when your last income tax return was filed?

Mr. RICCOBENE. I don't remember.

Senator NUNN. Had you filed one in the last 2 or 3 years?

Mr. RICCOBENE. Under advice of counsel I refuse, I respectfully decline to answer that question based on the rights under the Constitution of the United States and of all of the amendments which pertain to me.

Senator NUNN. In your testimony, I believe, Mr. Riccobene, just to rephrase it, your testimony is you have never been fined in punishment for any criminal violation?

Mr. RICCOBENE. No, not that I can remember.

Senator NUNN. You have never paid a fine?

Mr. RICCOBENE. Not that I remember, maybe a traffic ticket. Is that a fine?

Senator NUNN. I mean for any felony conviction.

Mr. RICCOBENE. No, sir.

Senator NUNN. Just a couple more questions.

On August 8, 1982, Mr. Riccobene, you were quoted by the Washington Post as discussing the internal Bruno family violence with the police investigator. The paper quotes you as complaining about those "new kids" or "these new kids" in the family.

You said that you "just can't talk to them anymore." What did you mean when making that statement to the press?

Mr. RICCOBENE. On advice of counsel I respectfully decline to answer that question based on my rights under the Constitution of the United States and all of the amendments which pertain to me.

Senator NUNN. Just one other question.

Have you ever used members of the Pagan Motorcycle Club or any other outlaw motorcycle club as personal bodyguards for you?

Mr. RICCOBENE. On advice of counsel, I respectfully decline to answer that question based on my rights under the Constitution of the United States and all of the amendments which pertain to me.

Senator NUNN. Mr. Riccobene, I will ask you one more time whether you will tell us the crimes for which you have been convicted?

Mr. RICCOBENE. I believe I stand on the fifth amendment.

Senator NUNN. On the fifth amendment?

Mr. RICCOBENE. Yes.

Senator NUNN. Mr. Chairman, I would like to just request that the Chair direct the witness to answer those questions which I do not believe can in any way, by any stretch of the imagination, incriminate him under the fifth amendment as to the previous convictions, matters of public record, crimes for which he has already, or is in the process of being punished.

Chairman ROTH. I agree with the Senator from Georgia; that the fifth amendment is not available here under these circumstances. Accordingly, I request and direct that you answer the question propounded by Senator Nunn.

Mr. RICCOBENE. May I hear the question again, please?

Senator NUNN. Could you give us the crimes for which you have been convicted?

Mr. Riccobene. As far as I can recollect, I was convicted for conspiracy.

Senator Nunn. Conspiracy, what kind of conspiracy?

Mr. Riccobene. Conspiracy for lottery.

Senator Nunn. For what?

Mr. Riccobene. Lottery.

Senator Nunn. Would you give us the date of that conviction?

Mr. Riccobene. It was last year, last year.

Senator Nunn. Last year?

Mr. Riccobene. Yes. I don't remember.

Senator Nunn. What other convictions?

Mr. Riccobene. There was a conspiracy in 1969 or 1970, as far as I can remember. I can't remember dates very well, for another conspiracy, transporting illegal documents across the State line.

Senator Nunn. What other conviction?

Mr. Riccobene. Conspiracy—I really can't remember too well.

Senator Nunn. You don't remember any more?

Mr. Riccobene. I know there is more, but right now I can't remember them.

Senator Nunn. Mr. Chairman, I have no further questions at this time.

Chairman Roth. The witness is discharged.

Mr. Alphonso. Thank you very much.

Chairman Roth. At this time I call for Mr. John Stanfa.

Mr. Stanfa, would you please rise and raise you right hand?

Do you swear the testimony you will give before this subcommittee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. Stanfa. Yes.

TESTIMONY OF JOHN STANFA, PHILADELPHIA, PA., ACCOMPANIED BY ALEXANDER ZERROK, COUNSEL

Chairman Roth. Please be seated.

I would ask at this time the attorney to identify himself.

Mr. Zerrok. Good afternoon. My name is Alexander Zerrok, I am an attorney from Philadelphia, my office is at 1900 Market in the Philadelphia Stock Exchange Building, Philadelphia, Pa.

Chairman Roth. Mr. Stanfa, we understand that you are now incarcerated but prior to December 11, 1980, the date of your arrest by the FBI, were were you employed?

Mr. Zerrok. On behalf of Mr. Stanfa, I would respectfully request that Mr. Stanfa be provided with an interpreter because of his limited knowledge and understanding of the English language.

Senator Nunn. May I ask a couple of questions to the attorney?

Chairman Roth. First I would like to say to the attorney, you may remain seated, but go ahead.

Senator Nunn. What kind of interpreter do you want? What language does he speak?

Mr. Zerrok. Mr. Stanfa is a native of Sicily. Basically, he would need an interpreter with knowledge of Sicilian dialect.

Senator Nunn. Let me just inform counsel, we intend to ask Mr. Stanfa if he knows Angelo Bruno. I intend to ask him questions surrounding the murder of Angelo Bruno. I intend to ask him about his background in Sicily, whether he was a member of the secret organizations there, and so forth, and so on.

I have a considerable number of questions I would like to ask him. Does counsel believe that Mr. Stanfa would be testifying on these questions if he is provided an interpreter?

Mr. ZERROK. No. I believe Mr. Stanfa will be pleading the fifth amendment and other constitutional amendments which pertain to him.

Senator NUNN. Is there really any need for counsel to seriously suggest to this subcommittee that we get him an interpreter so that counsel would then instruct him to simply plead the fifth amendment? Is this a serious suggestion from counsel?

Mr. ZERROK. At this particular stage, I think that we could proceed and handle each question accordingly.

Senator NUNN. I would think that would be wise. I don't take this, Mr. Chairman, as a serious suggestion, unless counsel can tell us that Mr. Sanfa is going to fully answer the questions that are posed.

Mr. ZERROK. I am ready to proceed.

Chairman ROTH. Let me ask the question.

You say John Stanfa does not understand or speak English?

Mr. ZERROK. Mr. Stanfa has a limited understanding of the English language; that is correct.

Chairman ROTH. But he did work at a pizza shop? Was not some knowledge of English necessary for that work?

Mr. ZERROK. Not necessarily.

Chairman ROTH. Do you speak—I would ask the attorney, I assume you speak Italian, so that you are able to communicate?

Mr. ZERROK. Very, very little.

Chairman ROTH. I would ask that you insure that you client understands the question.

Prior to—I will go back to the question—prior to December 11, 1980, the date of your arrest by the FBI, where were you employed?

Mr. STANFA. On advice of the counsel, I respectfully decline to answer the question based on my rights under the Constitution of the United States and all of the amendments which pertain to me.

Chairman ROTH. How long did you work there?

Mr. STANFA. On advice of the counsel, I respectfully decline to answer that question based on my right under the Constitution of the United States and all of the amendments which pertain to me.

Chairman ROTH. Are you a member of an organized crime group in Philadelphia?

Mr. STANFA. On advice of counsel, I respectfully decline to answer that question based on my rights under the Constitution of the United States and all of the amendments which pertain to me.

Chairman ROTH. Senator Nunn?

Senator NUNN. Mr. Stanfa, are you a citizen of the United States?

Mr. STANFA. On advice of the counsel, I respectfully decline to answer that question based on my rights under the Constitution of the United States and all of the amendments which pertain to me.

Senator NUNN. Mr. Stanfa, have you been convicted of a crime?

Mr. STANFA. On advice of the counsel, I respectfully decline to answer that question based on my rights under the Constitution of the United States and all of the amendments which pertain to me.

Senator NUNN. I might ask counsel, what is the claim of not testifying on this according to counsel's understanding based on the Constitution of the United States?

Mr. ZERROK. Yes, it is.

Senator NUNN. What provision?

Mr. ZERROK. Basically one with full Constitution—the right to remain silent, which is the fourth.

Senator NUNN. Is that based on the fifth or is it based on the other provisions?

Mr. ZERROK. On all of the amendments.

Senator NUNN. That other amendment, other than the fifth gives the witness the constitutional right not to testify?

Mr. ZERROK. I will be more than glad to elaborate that in writing.

Senator NUNN. Would the counsel furnish that in writing? I understand the fifth amendment rights in other questions. But I am specifically asking that you direct it to this particular question, previous convictions.

I have no further questions of the witness at this time.

I would like to have that from counsel, if you could, in the next week, week and a half, 2 weeks, somewhere in that time.

Mr. ZERROK. I will do it as soon as possible. I will be out of town.

Senator NUNN. As soon as possible.

Thank you very much.

The witness is dismissed.

[At this point Chairman Roth left the hearing room.]

Senator NUNN. Our next witness is Mr. Joseph Ciancaglini. Would you please hold your right hand up before you take the seat, do you swear the testimony you will be giving about to this subcommittee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. CIANCAGLINI. I do.

TESTIMONY OF JOSEPH CIANCAGLINI, ACCOMPANIED BY ROBERT SIMONE, COUNSEL

Senator NUNN. Mr. Ciancaglini, could you give us your full name?

Mr. CIANCAGLINI. Joseph Ciancaglini.

Senator NUNN. Where do you now reside?

Mr. CIANCAGLINI. 732 South Hudson Street, Philadelphia.

Senator NUNN. Are you a citizen of the United States?

Mr. CIANCAGLINI. Yes.

Senator NUNN. Are you now employed.

Mr. CIANCAGLINI. I refuse to answer on the, the question on the grounds of the fifth amendment of the U.S. Constitution.

Senator NUNN. Mr. Ciancaglini, are you a made member of the Bruno Scarfo crime family?

Mr. CIANCAGLINI. I refuse to answer the question on the grounds of the fifth amendment of the U.S. Constitution

Senator NUNN. Mr. Ciancaglini, do you know Mr. Nicholas Scarfo or Mr. Nicodemo?

Mr. CIANCAGLINI. I refuse to answer the question on the grounds of the fifth amendment of the U.S. Constitution.

Senator NUNN. Is Nicodemo Scarfo the present boss of the Bruno organized crime family?

Mr. CIANCAGLINI. I refuse to answer the question on the grounds of the fifth amendment of the U.S. Constitution.

Senator NUNN. Mr. Ciancaglini, have you been convicted of a crime under the U.S. laws or under any State laws?

Mr. CIANCAGLINI. I refuse to answer the question on the grounds of the fifth amendment of the U.S. Constitution.

Senator NUNN. Counsel?

Mr. SIMONE. Yes, sir.

Senator NUNN. Would counsel identify himself?

Mr. SIMONE. My name is Robert Simone, 42 South 15th Street, Philadelphia, Pa., member of the bar of Pennsylvania, Supreme Court of the United States as well. My position on this question is as follows, sir.

There is a crime on the Federal statute, title 18, United States Code, section, appendix, section 1202, which makes it a crime for anyone convicted of a felony, defined under the Federal law to be a crime punishable by 2 years or more to have in his possession a weapon. It is an element, the fact of the conviction is an element that has to be proven at a trial.

Therefore a witness who is compelled to answer such a question is in fact incriminating himself by admitting the conviction. That I believe is the basis of the fifth amendment right. I might also add, sir, that I believe the record of Mr. Ciancaglini is a matter of public record. It could be, if it has not already been obtained by this subcommittee, it is easily obtained.

Senator NUNN. That is irrelevant.

Mr. SIMONE. Right. I am giving you my reason why I have instructed my client not to answer the question.

Senator NUNN. Let me ask the question another way. Have you been punished for any criminal conviction?

Mr. CIANCAGLINI. I refuse to answer the question on the grounds of the fifth amendment of the United States.

Senator NUNN. Could counsel please explain his own view on that refusal?

Mr. SIMONE. The same argument with regard to testifying, giving information that could be helpful in the future prosecution regarding a conviction is primarily the reason. I might add that Mr. Ciancaglini is apparently on appeal in the Third Circuit Court of Appeals in connection with a case which is a matter of public record, a matter of fact a key defendant with the prior witness, Mr. Riccobene. So that case is pending and I believe that anything that he says about his past record or lack of record may have some bearing, not only on his appeal, but it could be incriminating, strictly on the fifth amendment.

I am not raising any other.

Senator NUNN. You are saying strictly on the fifth amendment?

Mr. SIMONE. Strictly on the fifth amendment.

Senator NUNN. You are saying if he testified as to punishment under a previous conviction that that would jeopardize his rights?

Mr. SIMONE. It could. I didn't say it would. But it is the same way of asking the same question. The punishment provision of the crime is one of the elements that is necessary to prove the violation of the statute.

Senator NUNN. I think the element of proof is simply the conviction, not the punishment.

Mr. SIMONE. I don't want to argue with Your Honor, but the statutes provide that a convicted felon may not possess or receive a firearm. There is a definition in the statute of what a convicted felon is. It is not really what a felon is under Pennsylvania law or the State law. It is what the punishment would be. Therefore the question of punishment relates to the statute. It is under——

Senator NUNN. I understand counsel's argument. I would overrule that line of reasoning, though, and Mr. Ciancaglini, I will ask you the question again. Have you been punished for the conviction of any crime under the laws of the United States or any State thereof?

Mr. SIMONE. May I confer with Mr. Ciancaglini?

Senator NUNN. Have you been punished——

Mr. SIMONE. May I confer?

Senator NUNN. Let me restate the question. Have you been punished for the conviction of any crime under the United States or under any State law?

Mr. SIMONE. He can answer that question.

Mr. CIANCAGLINI. I had a conviction of a fine of $2 penalty. I don't remember what it was.

Senator NUNN. A fine of $2?

Mr. CIANCAGLINI. Yes.

Senator NUNN. Was that for a felony?

Mr. CIANCAGLINI. No. I don't think so. It was a minor charge.

Senator NUNN. Do you remember the court where that was?

Mr. CIANCAGLINI. It has been a while, about 15, 20 years ago.

Senator NUNN. Any other punishment that you have received for any other conviction?

Mr. SIMONE. Excuse me. If the word punishment is ambiguous to me——

Senator NUNN. Any sentence?

Mr. SIMONE. The sentence has not been carried out. But if the person has been sentenced and the sentence has not been carried out, I don't know whether that is inclusive in your question.

Senator NUNN. Let me try the wording again. Have you been sentenced for a conviction on any other crime even if that sentence has not been finalized and even if it is on appeal?

Mr. CIANCAGLINI. I refuse to answer the questions on the ground of the fifth amendment of the U.S. Constitution.

Senator NUNN. I would order you to answer that question.

Mr. CIANCAGLINI. On the advice of counsel, I refuse to answer the question.

Senator NUNN. The witness is dismissed. If counsel would care to, I think counsel has given his explanation, but if counsel would care to followup with it in writing we would be pleased to read it.

Mr. SIMONE. I would be glad to do so within a week, sir.

Senator NUNN. Thank you.

Mr. SIMONE. Senator, I represent the next witness.

Senator NUNN. Yes. We understand that.

Mr. SIMONE. I spoke to Ms. Hill about there was a problem with a conflict and she said it was not since it was not an adversary proceeding.

Senator NUNN. I am not sure I understand that.

Mr. SIMONE. I said I spoke to Ms. Hill about the possibility of a conflict, whether I could represent Mr. Merlino. I was advised that I could since this is not an adversary proceeding.

Senator NUNN. Fine. We appreciate counsel advising us of that.

Mr. SIMONE. Thank you very much.

Senator NUNN. Our next witness is Mr. Salvatore Merlino. Hold up your right hand. Do you swear the testimony you will give before this subcommittee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MERLINO. I do.

TESTIMONY OF SALVATORE MERLINO, ACCOMPANIED BY ROBERT SIMONE, COUNSEL

Senator NUNN. I might say the staff testimony sheets given out on Mr. Merlino erroneously stated that he had been convicted. That was corrected in the staff testimony and we have stricken that part from the statement. That was on the advice of counsel.

We have got conflicting information on this, but in all deference, in the effort to be accurate on it, until we are better informed we are going to accept counsel's advice on that and have that stricken.

Mr. SIMONE. I appreciate that. I can give you the source of my knowledge. If you wish me to supply you with the information along with my other letter, there was an indictment in Philadelphia, many years ago. Mr. Merlino was a codefendant along with two other people. Mr. Merlino's case was dismissed. One of the other defendant's cases was dismissed. The indictment shows that.

The papers show that. Mr. "Sparko," a name you might be familiar with, pled guilty to involuntary manslaughter and served 6 months of a 6- to 23-month sentence. In reading the paperwork before, I informed Ms. Hill of that.

Senator NUNN. We won't require anything further unless we receive conflicting information. If we do we will get back in touch with you. That is as far as this subcommittee is concerned.

Mr. Merlino, where do you reside?

Mr. MERLINO. 927 Jackson Street.

Senator NUNN. Are you a citizen of the United States?

Mr. MERLINO. Yes.

Senator NUNN. Where are you employed?

Mr. MERLINO. I refuse to answer the question on the grounds of the fifth amendment of the U.S. Constitution.

Senator NUNN. Could you tell us the major source of personal income you had in the last year?

Mr. MERLINO. I refuse to answer the question on the grounds of the fifth amendment of the U.S. Constitution.

Senator NUNN. Mr. Merlino, are you the underboss of the Bruno Scarfo organized crime family?

Mr. MERLINO. I refuse to answer the question on the grounds of the fifth amendment of the U.S. Constitution.

Senator NUNN. Mr. Merlino, do you know Nicodemo Scarfo?

Mr. MERLINO. I refuse to answer the question on the grounds of the fifth amendment of the U.S. Constitution.

Senator NUNN. Mr. Merlino, do you know Mr. Charles McKnight?

Mr. MERLINO. I refuse to answer the question on the grounds of the fifth amendment of the U.S. Constitution.

Senator NUNN. Have you had any dealing with members of the Pagan Motorcycle Club?

Mr. MERLINO. I refuse to answer the question on the grounds of the fifth amendment of the U.S. Constitution.

Senator NUNN. Mr. Merlino, do you know Pagan member John Kachbalian also known as the Egyptian.

Mr. MERLINO. I refuse to answer the question on the grounds of the fifth amendment of the U.S. Constitution.

Senator NUNN. Mr. Merlino, could you tell us if your mother is still living?

Mr. MERLINO. I refuse to answer the question on the grounds of the fifth amendment of the U.S. Constitution.

Senator NUNN. Is it true that your mother's residence was riddled with gunfire by members of the Pagan motorcycle outlaw gang?

Mr. MERLINO. I refuse to answer the question on the grounds of the fifth amendment of the U.S. Constitution.

Senator NUNN. I have no further questions.

Mr. SIMONE. Thank you.

Senator NUNN. Our next witness is Mr. Oliver B. Revell, Assistant Director, Criminal Investigative Division, Federal Bureau of Investigation. Do you have other people with you this morning?

Mr. MCWEENEY. I am Sean McWeeney. He will be here in a second.

Senator NUNN. We swear in all of the witnesses before the subcommittee. We will swear all of you in.

Mr. REVELL. I have one more witness, if you would like to go ahead.

Senator NUNN. We will go ahead. Do you swear the testimony you will give before the subcommittee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. REVELL. I do.

Mr. MCWEENEY. I do.

Mr. MOODY. I do.

Mr. MCLAUGHLIN. I do.

Senator NUNN. We appreciate your being here today. I know you have a statement. If you can summarize it, we would like to have that, but we will let you proceed as you choose.

TESTIMONY OF OLIVER B. REVELL, ASSISTANT DIRECTOR, CRIMINAL INVESTIGATIVE DIVISION, FEDERAL BUREAU OF INVESTIGATION, ACCOMPANIED BY SEAN M. McWEENEY, SECTION CHIEF, ORGANIZED CRIME SECTION; JIM E. MOODY, SUPERVISOR, ORGANIZED CRIME SECTION; AND EDWARD F. McLAUGHLIN, SUPERVISOR, ORGANIZED CRIME SECTION

Mr. REVELL. I do have a rather lengthy statement I would like to have entered into the record.[1] I have a summary.

Senator NUNN. Without objection.

Mr. REVELL. I appreciate the opportunity to testify before the subcommittee and I would like to express to you my appreciation for the opportunity to provide you with the FBI's views concerning the activities of the traditional and nontraditional organized crime groups operating in the mid-Atlantic region of the United States.

In order to understand the problem that we are discussing today, it may be helpful to provide you with a definition of organized crime. The FBI defines organized crime as criminal organizations whose primary objective is to obtain money through illegal activities. Although these organizations are involved in numerous types of crime, narcotics and gambling continue to be the major sources of revenue.

In addition to narcotics and gambling activities, organized crime groups rely heavily on other street crime activities such as loansharking, extortion, prostitution, pornography, and truck hijackings as the bread and butter or foundation of their criminal network.

The organized crime activities mentioned are by no means limited to open acts of criminality. Our experience gives us a very clear picture that organized crime has made inroads into legitimate business in our communities, many times attempting to swallow up an entire industry in a particular city or region. The method of takeover is all too familiar to this subcommittee and typically occurs as a result of a debt obligation incurred by the owner for gambling activities or an inability to repay a usurious interest loan.

Once in the door, the takeover is completed by continued financial pressure on the owner, forcing him to relinquish his business to his organized crime partners. This penetration into the business community is not achieved through good business judgment and fair market competitive practices, but is the direct result of concentrated efforts by organized crime to create an aura of fear through intimidation, extortion, and the threat and use of violence, if necessary, to accomplish their ends.

These same predatory tactics have allowed organized crime to gain substantial control of several union locals throughout the United States. Labor racketeering is another major source of income and a power base for organized crime. This is particularly true in the region I will discuss with you today.

Corrupt union officials have allowed union treasuries and pension funds to be diverted into organized crime ventures. Control over key union figures by organized crime in union locals has facilitated the disruption of the normal flow of commerce, many times resulting in a scarcity or driving up the price of a particular commodity. For example, a planned trucking strike or an employee shutdown in a good service plant, orchestrated by corrupt labor officials at a union plant, may serve to directly bolster and provide an edge to the nonunion competition which is controlled by organized crime figures.

---

[1] See p. 469 for the prepared statement of Oliver B. Revell.

These encroachments by organized crime into so many areas of society are costing the American public untold sums in terms of tax dollars lost and human suffering. Economic harm may also be viewed in terms of inflationary impact. Workers may lose a fair wage through sweetheart contracts agreed to by corrupt union officials; consumers may pay higher prices for goods and services as a result of bid rigging, or mob control within a particular industry cutting off normal competitive practice in establishing the fair market price for goods.

Having provided you with a general overview of the kinds of activity engaged in by organized crime, I will now identify these major groups and discuss the influence and specific role they play in the mid-Atlantic States.

There is no one group synonymous with organized crime today. However, the most significant criminal group national in scope is the LaCosa Nostra, also known as the LCN. This group continues to be a top priority of the FBI's organized crime program.

The LaCosa Nostra has its roots in secret societies developed in southern Italy and Sicily over the past several hundred years. The LaCosa Nostra began to take its present shape in this country, particularly the Northeast and Midwest regions of the United States, in the early 1930's.

By way of background, the structure of this organization remains the same. Today, 25 families are operating within the United States.

The Bruno LaCosa Nostra family is headquartered in Philadelphia, Pa., and operates throughout the southeastern part of that State as well as portions of southern New Jersey. The family is involved in illegal gambling, loansharking, narcotics, extortion, labor racketeering, and pornography. The Bruno LaCosa Nostra family has traditionally funneled their profits into restaurants, bars, vending companies, and income-producing real estate.

There is significant information that certain members of the Bruno family have alined themselves with the Pagan outlaw motorcycle gang in the manufacture and distribution of methamphetamines. Reliable source information also indicates that, on occasion, the Pagans have been used to protect family members as well as act as enforcers.

In the Philadelphia/Wilmington, Del., area, including southern New Jersey, the Bruno family is most active in two labor organizations—the International Brotherhood of Teamsters—or IBT—and the Hotel, Motel, Restaurant and Bartenders Union International.

The Philadelphia and Baltimore divisions of the FBI obtained a significant conviction of Francis Joseph Sheeran, former president of IBT Local 326 of Wilmington, Del. Sheeran, along with codefendant Eugene Boffa, were convicted in U.S. district court, Delaware, under the RICO statute in October 1981. The conviction stems from Sheeran's relationship with Boffa, who operated a labor leasing business and provided kickbacks to Sheeran for labor peace, thus preventing any disruption of his business.

Sheeran admitted to FBI cooperating witness Charles Allen, in consensually monitored conversations, that he was a partner with Boffa in his labor leasing business and that he—Sheeran—gave 50 percent of the profits he received to LaCosa Nostra boss Russell Bufalino, of Pittston, Pa. These tape recorded conversations, played in court, also significantly outlined the influence of Bufalino and Philadelphia LaCosa Nostra boss Angelo Bruno in the activities of other IBT locals in the areas. Sheeran received a sentence of 18 years and Boffa received a sentence of 20 years.

Another union whose activities have been disclosed to be under close control of the LaCosa Nostra is Local 54 of the Hotel, Motel, Restaurant and Bartenders Union International, which is located in Atlantic City, N.J. This union was originally under the control of LaCosa Nostra figure Ralph Natale. Natale confided extensively to FBI cooperating witness Charles Allen concerning his relationship with the Angelo Bruno family, and particularly the operations of Raymond "Long John" Martorano in narcotics trafficking and labor racketeering activities. This information was disclosed during suppression hearings for Natale at Camden, N.J., in September 1982.

Senator NUNN. Let me ask you just a couple of questions on that. Are you talking about the *Sheeran* case and the *Boffa* case?

Mr. REVELL. Yes.

Senator NUNN. What role did the FBI play in those?

Mr. REVELL. We were the lead investigative agency involved in that case.

Senator NUNN. The *Boffa* case, *Sheeran* case, were they the same case, basically, the same?

Mr. REVELL. Yes; they are interconnected.

Senator NUNN. Where were your agents and which agents were involved in those cases? What did they do?

Mr. REVELL. Philadelphia cases. We have Mr. Ed McLaughlin, supervisor of that case, who has joined us at the table, if you would like to explore that particular case.

Senator NUNN. Just as to what, I don't need the detail of the case, because we have heard that. I am trying to sort out who did what in the case.

What was the FBI role?

Mr. MCLAUGHLIN. The FBI role was the combined role with the Philadelphia division and the Baltimore division.

Senator NUNN. Of the FBI?

Mr. MCLAUGHLIN. Yes. Frank Sheeran was a long time union organizer from Philadelphia who had started out with local 107 in Philadelphia, was an enforcer for that union which at the time was the most feared criminal element in the city of Philadelphia.

He moved up and went to get his learning in the State of Delaware.

Senator NUNN. What did the FBI do in that case?

Mr. MCLAUGHLIN. They were the principal investigative agency, Senator Nunn.

Senator NUNN. We have two principal investigative agencies based on the testimony this morning. The Labor Department officials testified they were the principal investigative agency and gave us the names of the people conducting the investigation and said the FBI participated to the extent of furnishing one witness before the trial.

Mr. MOODY. Talking about Mr. Rispo as a witness?

Senator NUNN. I don't remember the witness' name. The witness testified. I don't think this is a big thing. But I just would like to find out who did what in the case. The Labor Department officials testified they spent 2 years working up this case.

Mr. MCWEENEY. The significant investigative effort extended by the FBI on this, included the development and the prior——

Senator NUNN. Including what?

Mr. MCWEENEY. Development of prime witnesses in the case.

Senator NUNN. How many witnesses?

Mr. MCWEENEY. I think there were two. I know Mr. Rispo, as I recall, and possibly Charlie Allen.

Senator NUNN. How long did the FBI work on this case?

Mr. MCWEENEY. The specific dates, I don't have on the top of my head. I will try to get that for you.

Senator NUNN. Who in the field would know the answer to this?

Mr. REVELL. The case agent would be John Tamm.

Senator NUNN. Would you be willing for him to be interviewed and testify?

Mr. REVELL. Yes.

Senator NUNN. It is important for the FBI and the Labor people to work together and it seems to me one of the things that erodes that is when, I don't know who is right and wrong in this, when two agencies basically claim to have been the prime investigative agency in an important case.

Mr. REVELL. Absolutely.

Senator NUNN. It seems to me one of the best things people could do is pat each other on the back every now and then. In this case, somebody ought to be patting somebody else, either the FBI should be saying, Rah, rah, Labor did a good job or the Labor Department should be saying, Rah, rah, the FBI did a good job. When you have this direct conflict in testimony, again I don't want to make a big thing out of it, it looks like when that spreads to the field or maybe it is spread from the field, this is how things begin to get competitive rather than everybody working on the same boat.

We have the same occupational hazard around here. It is not unique to law enforcement. Politicians are probably among the worse when claiming credit for everything. But the FBI gets this rap a lot.

Other agencies think the FBI comes in, claims credit for everything, no matter what. That has been going on for the last 20, 25 years. You hear this most frequently at the State level more than from the other Federal agencies. As soon as something happens, all of a sudden the FBI claims it was theirs. I really don't think it is, in the long run, in the best interest of the FBI, not making judgments in this case, because I don't know.

Mr. REVELL. I can assure you we don't intend to ever claim credit for anything we are not responsible for. We do have many joint investigations with the Labor Department, obviously with other Federal agencies and with the State and local agencies.

As to this particular case, as to when the Labor Department entered it, when the Bureau entered it, I will have to check the record. I will be glad to provide that to you for the record.

Senator NUNN. That will be fine. I don't want to ask any more questions on it now. We had the labor representative back here who testified earlier.

Mr. McKee, you are still under oath.

Would you tell us for the benefit of everybody here what happened on that case, what Labor did, just in general and what the FBI did?

Mr. MCKEE. Yes, sir. We initiated that case in 1978 when our office came into existence. We were the primary and sole investigative agency in the investigation as far as the investigation was concerned.

At the same time that we had an investigation, the FBI also had their own investigation of Mr. Sheeran and Mr. Boffa. The FBI's case was brought to trial, I believe, in 1980 in Philadelphia. Mr. Sheeran was acquitted of all charges in their case.

As far as the FBI's role in our office's investigation, which was brought to trial in Wilmington, Del., two trials, one for Eugene Boffa and several other defendants and the other for Frank Sheeran, the FBI's role was that they provided one witness for the trials, Charles Allen. We had, I would say, in excess of 50 witnesses for each trial, and Robert Rispo, also in the witness protection program, was a witness of ours.

Mr. Rispo, was a defendant in our case, and the reason that he decided to cooperate and become a witness was because of our indictment.

Senator NUNN. Would it be fair to summarize your testimony as saying that the FBI did cooperate, that the two agencies worked together, that there was a furnishing of witnesses by the FBI but that the Labor Department was the prime investigative agency in this area?

Mr. MCKEE. Sir, I wouldn't say it was a cooperative effort. I would say they conducted their investigation, and we conducted ours. Ours was the one that was successfully prosecuted in Wilmington, Del.

Senator NUNN. Yours was the one that resulted in conviction?

Mr. MCKEE. Yes.

Senator NUNN. Theirs resulted in acquittal?

Mr. MCKEE. Yes, sir.

Senator NUNN. That is all the time I want to spend on that. Again, I just think, I really believe the law enforcement would be well served if there was a lot more patting on the back among all agencies in this whole area and everybody has the same problem.

It is not the one agency. I submit that to you for your consideration.

Go ahead.

Mr. REVELL. I want to get down to where we were talking about Charles Allen, a cooperative witness. Charles Allen monitored numerous conversations that revealed the pervasive influence of the Bruno La Cosa Nostra families on these particular locals.

During the past 2 years, we have observed the way gangland slayings are taking the Bruno family. Successive bosses and Angelo

Bruno, Philip Testa were murdered in a power struggle within the family. As a result of these slayings, this family has been in a state of disarray and lacks the stability and leadership provided by Angelo Bruno.

The Bufalino family operates primarily in northeastern Pennsylvania, as well as southern New York and northern New Jersey, and the boss of that family is Russell Bufalino. He is currently incarcerated at Lewisburg Federal Penitentiary, serving a 10-year sentence for conspiracy to commit murder. In his absence, Edward Sciandra is believed to be the acting boss of the family.

The Bufalino family is involved in a variety of criminal activities, including loansharking, labor racketeering, gambling, and public corruption. There is some indication that the Bufalino family has gained influence in some segments in the garment manufacturing industry which is particularly appealing because it deals heavily in cash and consists of numerous small, independent shops. Owners of these shops will often experience serious cash flow problems, making them easy targets for loansharking activities.

One particular scheme within the garment industry worth mentioning involves the manufacture of counterfeit designer clothes. Information discloses that numerous garments are being manufactured from inferior material and then marketed under designer labels for sale overseas.

This family also exerted significant influence through Frank Sheeran in IBT matters and has considerable influence in the International Ladies Garment Workers Union, also known as ILGWU in this area of the State.

Within the State of New Jersey, eight LaCosa Nostra families are represented. They are the Bonanno, Bruno, Bufalino, Colombo, Decalvacante, Gambino, Genovese, and Luchese families. With the exception of the DeCalvacante, family, the leadership of other families is situated outside of New Jersey.

The Genovese LaCosa Nostra family has the most impact in the northern part of New Jersey and is established in many major industries such as trucking, shipping, and garbage hauling.

Phillip Lombardo is the acting boss of this family; however, control and the day-to-day activities are handled through the underboss, Vincent Gigante, and the Consigliere Anthony Salerno, both of New York.

The types of criminal activity engaged in by this group include loansharking, gambling, hijackings, narcotics, and prostitution, as well as labor racketeering, infiltration of legitimate business, public corruption, and Government program fraud.

This group continues to dominate organized criminal activities in delineated territories within New Jersey.

The UNIRAC investigation, which was the subject of public hearings before this subcommittee, is a prime example of the type of influence the Genovese family has held over the shipping facilities at Port Elizabeth, Port Newark, and other key locations in the northeastern part of New Jersey.

That investigation disclosed the direct lines between the union leadership and the LaCosa Nostra in acquiring illegal kickbacks or payoffs from major shippers, ship service industries and those involved in the handling of imported and exported goods.

We have also seen evidence of the influence of the Genovese family in the retail food industry in New Jersey. This influence was highlighted by the recent indictment in New Jersey of individuals associated with IBT Local 863, which is controlled by a Genovese LaCosa Nostra member. Through the unionization of dockworkers, warehousemen, and truck carriers, local 863 has been successful in exerting influence over top management in supermarket chains by obtaining service and supply contracts for companies owned by LaCosa Nostra associates without regard to cost benefits for the supermarkets or fair representation of the union employees.

The DeCalvacante family is headquartered in Elizabeth, N.J., and is under the leadership of John Riggi. The family bears the name of its now retired boss, Sam DeCalvacante. The family has operations in many parts of New Jersey as well as parts of Connecticut and New York.

The primary influence of the DeCalvacante family is in the construction industry in New Jersey through control of union local 394 of the Laborers International Union of North America.

This control over the union goes back to the 1960's when DeCalvacante's uncle, Nicholas Delmore, ruled local 364, LIUNA, and the New Jersey LaCosa Nostra.

In 1965, John Riggi, then a capo in the family, was personally placed in the position of business agent for local 394 of the LIUNA. Riggi has maintained control of that LIUNA local since that time. Based upon intelligence received, the majority of illegal proceeds received by Riggi are derived from kickbacks and payoffs within the New Jersey construction industry.

The Luchese family's base of operation and control is in New York and it operates under the direct control of Anthony Accetturo, a capo who fled New Jersey in the late 1970's and avoid appearing before the New Jersey State Crime Commission. Accetturo has designated Michael Taccetta to run the daily operations in New Jersey.

This family is heavily involved in gambling and loansharking and is also involved in the vending and construction businesses in the area. Many of the businesses were infiltrated and taken over through the collection of unlawful loansharking debts. This family is also believed to be involved in the importation and distribution of cocaine.

The Gambino family is also based and controlled out of New York City. This family has been involved in the traditional crimes of gambling and loansharking. The most notable New Jersey members are Joseph Dominick Paterno, Peter Paul Palmieri, and Frank Perrone.

Since the late 1970's, Paterno has established a new residence in Florida and the influence of this family in New Jersey is not as great as the other families mentioned.

The Bufalino and Colombo LaCosa Nostra families also operate, to a less extent, in the New Jersey area. These families have been involved in the food distribution business and have a close working relationship with local teamster unions.

In Atlantic City, N.J., LaCosa Nostra activities in the Atlantic City area are of a multistate and multifamily nature. In addition to the presence of the DeCalvacante family from New Jersey, there is a strong representation from all five of the New York families, the Bruno family in Philadelphia and the Bufalino family in Pittston, as well as some involvement from the families in Chicago and Kansas City.

The strength of these influences varies considerably with the New York Genovese family appearing dominant. The influence extends to the construction of casinos, linen businesses, junket operations, restaurant employees, dealers, maids, and other ancillary services. The common thread in controlling these businesses is the LaCosa Nostra's influence in the service related unions.

Legalized casino gambling has had little impact on illegal gambling operations primarily controlled by the Bruno family of Philadelphia. For years, the illegal gambling activities in Atlantic City were directed by Nicodemo Scarfo, the current boss of the Philadelphia LaCosa Nostra family who resided in Atlantic City.

Scarfo is currently incarcerated at LaTuna Federal Penitentiary in Texas for 2 years, for illegal possession of a firearm. Illegal gambling operations in Atlantic City and throughout New Jersey continue to thrive because they primarily involve sports wagering and numbers.

Should Atlantic City be authorized in the future to accept wagers on sports contests, it would have little effect on local bookmakers in that credit is more easily obtained from a bookmaker and the wagers can be placed over the telephone and are also nontaxable.

Another side effect of the influx of visitors into the city for the purpose of gambling has been an increase in loansharking operations of the various families in Atlantic City.

Our past experience and current intelligence leads us to believe that Atlantic City is an open city as far as the LaCosa Nostra is concerned, and any LaCosa Nostra family can freely attempt to engage in their activities provided they do not interfere with the ongoing operations of the other families.

The problem of organized crime is by no means limited to the LaCosa Nostra. Other organized crime groups from various geographical, ethnic, and racial backgrounds are involved in illegal activities. Like the LaCosa Nostra, many of these groups protect themselves with vows of secrecy and loyalty, enforcing discipline by threats and violence.

These other groups include outlaw motorcycle gangs such as the Hells Angels, Bandidos, Outlaws, and Pagans, known to us as the Big 4 outlaw motorcycle gangs.

As I have indicated, in some instances, these gangs have established relationships with the LaCosa Nostra and are acting as enforcers.

We began investigating the activities of outlaw motorcycle gangs as organized crime groups in May 1981. The impetus for our investigations was an extensive study that our criminal investigative division conducted. This study revealed that the number of gangs, as well as the size of individual gangs, had grown significantly within the past 10 years. Many had become widespread and even international. Like the LaCosa Nostra, they have developed into highly structured organizations, using threats and violence to achieve their goals and accumulate great wealth through illegal activities, primarily narcotics trafficking.

Although the smallest of the big 4, the Pagans have significant strength in the Mid-Atlantic States. Over the years, this violence-prone gang has developed into a sophisticated organization that controls a major narcotics network.

The investigation of this outlaw motorcycle gang is concentrated in the Delaware Valley. Investigation has revealed that this local chapter consists of approximately 200 members and is a structured organization with its mother chapter or headquarters located in Long Island, N.Y.

The Pagans are involved in numerous illegal activities which include the manufacture and distribution of methamphetamines and PCP and the importation and distribution of cocaine. In addition to narcotics trafficking, which is their primary source of income, the Pagans have been involved in other illegal activities, including the possession and sale of weapons, theft of heavy equipment, automobiles, and motorcycles, extortion, prostitution, and murder.

The illegal activities of this group are of primary interest to the FBI and we are making every effort to disrupt and minimize the impact of this organization.

An example of another emerging criminal group that the FBI has confronted in recent years is a group referred to by local authorities and the media as the Black Mafia.

In the spring of 1981, the Philadelphia FBI and DEA conducted a joint investigation concentrating on the racketeering aspect of this organization and its involvement in extortions, narcotics, trafficking, and murders in the Philadelphia area.

This investigation identified Lonnie Dawson and William Roy Hoskins as the leaders of this criminal organization. Both Dawson and Hoskins were convicted of the 1975 gangland slaying of Herschel "Jolly Green Giant" Williams, a black Mafia drug dealer. Both were sentenced to prison for life, but on appeal were successful in obtaining new trials in 1979 and were released from prison on bail pending those trials.

Affidavits filed by special agents of the FBI and DEA in Federal court alleged that Dawson and Hoskins established control over the Black Mafia's drug operations upon their release from prison in 1979.

The FBI and DEA, utilizing wiretaps, gathered significant evidence of a large narcotics organization involved in heroin, cocaine, and the manufacture and distribution of methamphetamines.

During the early morning hours of April 5, 1982, a member of Dawson's organization was returning to his residence in Chester, Pa., and was ambushed as a result of Dawson learning that he was a Government informant. The informant escaped after a high-speed chase and several shots being fired.

Shortly after the incident, a wiretap intercepted a telephone call from Dawson to Hoskins wherein Dawson told Hoskins of the attempt to shoot the informant and that the car pursuing the informant crashed. Dawson told Hoskins to telephone the police and report the car stolen.

A subsequent call from Dawson to his girlfriend instructed her to bring a gun to the Sheraton Hotel. Based on this call, agents of the FBI and DEA initiated surveillances of the hotel and arrested Dawson, Robert Hardwick, and Kenneth Shank as they entered the hotel. Hoskins was arrested later in the day at his hotel.

The informant Dawson attempted to kill has been working for the FBI and DEA for several months and was secretly recording drug conversations and making buys of heroin, cocaine and methamphetamines from Dawson's group.

In October 1982, the Federal trail of Dawson, Hoskins, Shank, and Hardwick resulted in convictions and numerous Federal drug charges and on the attempt to kill a Government informant. A mistrial was declared on Shank and a retrial ordered. Prior to this trial, Dawson was retired in Philadelphia Common Pleas Court for the 1972 slaying of Williams and was convicted.

It is our belief that this case will have significant impact on the operations of the Black Mafia in the Philadelphia area.

As diverse and numerous as these groups are, I do not view our struggle against their activities a hopeless situation. We are making measurable inroads against these organized crime groups. The principal objective of our organized crime program is to reach beyond the streets to those who exercise power and control within the organization.

Because the leadership is well insulated, we are emphasizing long-term investigations and the use of sophisticated techniques such as selected: informants, undercover operations, and court authorized wiretaps to reach the top people.

These techniques help us understand how these organizations work and who controls them. These techniques make it possible to penetrate the secrecy, loyalty and fear-induced silence that protects organized crime.

Our investigations are producing significant results. In the last 2 years we have convicted more than 1,200 individuals in organized crime investigations, including more than 350 LaCosa Nostra members and associates. There are currently more than 300 La Cosa Nostra members and associates awaiting trial.

We are also beginning to have a measurable impact in narcotics-related investigations. As you know, the FBI received concurrent jurisdiction concerning investigations conducted pursuant to title 21 of the United States Code. Since this delegation of authority in January 1982, the FBI case load involving narcotics-related investigations has increased from less than 100 cases in January 1982, to a total of 1,173 as of February 4, 1983.

During fiscal year 1982, there were 616 subjects indicated and 326 subjects convicted during this time frame. I expect that our participation in fiscal year 1983 will continue to increase and our contribution in terms of convictions will be significant. During the first quarter of fiscal year 1983, approximately 209 subjects have been indicted thus far and 107 subjects have been convicted.

I have highlighted only a few significant statistics and cases to share with you some of the fine work that our agents are doing in this area. Our successes are a signal, not that organized crime has been eliminated, but that members at all levels of organized crime can no longer consider themselves protected by a code of secrecy.

The sense of immunity from prosecution is rapidly eroding as we reach beyond the streets to the leadership of these organizations.

We cannot do the job alone. You and your fellow congressional colleagues are partners in this battle against organized crime. We are appreciative of the resources and statutory weapons that are currently available to us to effectively wage this war. My staff and I are available to work closely with the 98th Congress in making any needed improvements to these existing statutory tools, or in the development of new legislation.

I want to thank the members of this subcommittee for allowing me to provide testimony on this significant topic. The FBI shares your interest in providing the American public with a clear understanding of the enormous influence of organized crime in society as well as the ruthlessness and violence associated with their activities.

I am now prepared to answer any questions you may have.

Senator NUNN. Thank you, very much.

I share your positive outlook in terms of progress being made. We have heard a lot of skepticism about whether progress indeed is being made. I have been watching this, having hearings on it, getting involved in it, investigating it for at least 5, 6, 7 years.

I think progress is being made. There have been a number of high level convictions in the organized criminal element in the last 2½ to 3 years?

Mr. REVELL. That is correct.

Senator NUNN. Could you furnish for the record a general list of what you call high level convictions in this, I am not asking for pending cases but cases already completed?

Mr. REVELL. We could provide that for the record. I was going down the membership of the commission. I was just noting at the present time——

Senator NUNN. You are talking about the——

Mr. REVELL. I am sorry. The Organized Syndicate Commission which is a leadership mechanism.

Senator NUNN. Is this LaCosa Nostra Commission?

Mr. REVELL. That is correct. I was just noting that Phillip Rastelli is incarcerated, boss of the Bonanno family, Carmen Persico, incarcerated, boss of the Colombo family, James Licavoli boss of the Cleveland family. He is incarcerated and the entire leadership of the Cleveland family has been convicted.

We have Nicodemo Scarfo, boss of Philadelphia, who is incarcerated, and Russell Bufalino, boss in Pittson, Pa., is incarcerated. I think we are making progress. There are many other leadership positions throughout the LaCosa Nostra, the 25 existing families that are either incarcerated or under indictment.

I want to go back to the previous discussion. Not all of these cases are totally FBI. They are brought by the Justice Department, primarily the strike forces, participation by other investigative agencies as well as the Bureau. But I think the Federal Government with the active participation of State and local authorities is making inroads into the leadership element of the LaCosa Nostra.

Senator NUNN. The thing that frustrates people, I think legitimately so, is that no matter how many people you put in jail, the organizations seem to go on. The activities they carry on seem to go on.

Can you tell that there has been any signficant diminution in activity of these organized crime elements in the areas for instance of Cleveland?

Let's say Cleveland, you put most of the hierarchy in jail, convicted. What has been the difference in the pattern of organized criminal activity since these people have gone to jail?

Mr. REVELL. I think there is a degree of dislocation, disarray, certain types of activities are diminished. Essentially what happens is that the bosses continued to control their particular mob, even from incarceration. They use intermediaries, they have control through either loyalty or the threat of force and violence and they certainly are non incommunicado while they are incarcerated within the United States.

Senator NUNN. Are there any ways that we can address that issue? It seems intolerable that we have people over and over again for the last 20 years that are still running the mob from inside the jail. Or at least exercising a considerable control.

Are there any ways that that could be improved within the overall constitutional limits that we have?

Mr. REVELL. I think the constitutional limits are certainly areas that are of significant concern because one of the major ways in which to continue this control is through visits with family members and with attorneys.

Certainly I don't believe that under our system that could be restrained to any great degree. Access to telephones is virtually unlimited today in the Federal Prison System. In fact, Nick Civella, we had a court ordered wire tap on him and determined he was running the Kansas City mob right from Federal prison. Perhaps something could be done on that restriction.

I am not sure that is a constitutional guarantee; the right to free access to a telephone. I think certainly the potential is there for sort of prohibition on the visitation by organized crime family members, not blood family members, but the members of the family themselves.

Senator NUNN. Sometimes those are one in the same?

Mr. REVELL. Sometimes they are, but not all the time. Perhaps some degree of determination of a limitation list of who might be able to visit. I don't think, Senator, being realistic, we are going to be able to isolate the bosses sufficiently to really diminish their control through the means that are available to them.

What can be done would be limited and also they can utilize other inmates in the prison to be intermediaries with people that are in contact with them. So that is a very difficult problem under our system of government.

Senator NUNN. It seems to me that the Internal Revenue Service can play a major role here. Of course we have talked about this before. We have been very involved in trying to correct some of the, I think overkill that was a result of the Tax Reform Act as well as attitudes that developed in the Internal Revenue Service after Watergate.

Do you see any evidence that the Internal Revenue Service is playing a more vigorous role now, in the last 2, 2½ years than in previous years?

Mr. Revell. Yes, I have seen very positive improvement in attitude. I think the leadership of the IRS today has a very positive attitude toward their role in organized crime and narcotics investigations but also in the level of specific and direct cooperation. We envision a virtual partnership in narcotics investigations where the IRS is going to probably be involved in almost all of our investigations at one point or another. They may not be involved in at the intiation but they will certainly be involved during the course of the investigation and will have the total product of our investigation to pursue violations of the Tax Code.

I think the amendments of the Tax Reform Act will be very positive and I am very pleased with the attitude and the cooperation of the IRS.

Senator Nunn. It is getting better?

Mr. Revell. Absolutely.

Senator Nunn. When you put most of the Cleveland bosses away, did the Internal Revenue Service do any cross-checking to see what their assets were, where they got those assets, whether they pay taxes, whether in fact illegal profits can be seized, that kind of thing?

Is there a vigorous targeting when you have been successful in prosecuting?

Mr. Revell. I am not certain in that situation it has occurred. But I can tell you that it is our intention to make available to IRS information in all of those cases. They are involved in some.

Senator Nunn. Is there still such a thing as a national commission? You mentioned the national commission. You went down to the membership. By this, I mean the national commission of organized criminals.

Mr. Revell. It is our information, intelligence, that there is such an entity. I think we have to carefully define what it is. Sometimes it will be portrayed as a board of directors sitting in a high rise building in New York that oversees on a day-to-day basis, the operations of a monolithic organization. That is not the case. Through a great deal of effort on the part of law enforcement at all levels, the commission itself has very rarely met in the last few years in a direct sitdown. They operate through intermediaries, they operate through messages and in one to one meetings. They still have the responsibility to coordinate between families, to settle disputes, to confirm bosses, and to sanction retaliation against other members of families.

They do not control the activities of each individual family except when they would come into conflict with other family operations.

Senator Nunn. We had testimony from the Pennsylvania Crime Commission involving criminal activity by an organized crime group, an emerging group, Russian emigrees in the mid-Atlantic region. In the New York Times quoted James Murphy of the New York FBI office on the same subject. I quote from that article "we do know that they—they exist, Russian emigree crime groups—are growing fast, that they have been very successful. We are talking about staggering amounts of money in the multimillion-dollar range." Could you elaborate on this comment, on this development?

Mr. REVELL. I would like to pass that over to Sean McWeeney, chief of the organized crime section

Mr. MCWEENEY. In the New York office they are looking at the Russian crime groups. As far as the mid-Atlantic area, we have no information that the Russian crime groups are active in that area.

Senator NUNN. That is strictly in New York?

Mr. MCWEENEY. Yes, to date. We are looking at it. It is one of the emerging ethnic groups that we are looking at involving illegal activities.

Senator NUNN. I think the article indicates it was involved in Philadelphia. That is in an FBI statement.

Mr. MCWEENEY. No.

Senator NUNN. You don't have that information?

Mr. MCWEENEY. No.

Mr. REVELL. It is not unusual to see newly arrived groups where there are certain criminal elements involved in the migration. You see that certainly with the Cuban migration. They continue to prey on their own and continue criminal activities and essentially because of the proximity of the location of the immigrant groups, they pretty well define their activities against those that have also immigrated. But I think it is important that we not allow organized crime groups to form and become widespread in their activities and so we are attempting, in the Bureau, to take a look at newly emerging immigrant groups such as those from Southeast Asia, we have a group now operating in California and Arizona, called the Israeli Mafia, that immigrated here from Israel.

We of course, have prison spawned groups like the Mexican Mafia, LaNuestra Familia, Aryan Brotherhood, Black Mafia, we are looking at all of these groups to try to determine their practices, earnings, patterns, and if they are in violation of the law.

We are prosecuting many of them to try to stem the tide, the growth of a small element, a small group into a large regional or international type activity.

Senator NUNN. Would you still place the LaCosa Nostra at the top of the list in terms of the organized criminal activity in America?

Mr. REVELL. Absolutely.

Senator NUNN. If you took a scale at 10, put them at number 10, where would these other organizations fit on the scale of 1 to 10, generally speaking? Would any of them go above the five, six range?

Mr. REVELL. The Hell's Angels are a significant force, particularly in the area of narcotics distribution, they have a fairly substantial membership, they are international in scope. They certainly have the potential to move up in certain areas to be a force to be reckoned with. None of the organizations have the national scope or the influence of LaCosa Nostra and I would say that the motorcycle gangs are the very closest that we would have as far as the national type.

Senator NUNN. Would they be number two?

Mr. REVELL. Yes.

Senator NUNN. If you combined them all? Are you including Outlaws, Pagans?

Mr. REVELL. I named the four major groups, Outlaws, Pagans, Bandidos, and Hells Angels, but there are numerous other organized crime groups. We just indicted a very substantial group in Colorado called the Sons of Silence. They practically controlled narcotics distribution in the Colorado area. So they are very significant on a regional or local basis. But I think taken in the aggregate, the outlaw motorcycle gangs, I concur with your comments about we should differentiate between motorcycle clubs and outlaw gangs.

There is a tremendous difference. I hope the public realizes that, but that the outlaw motorcycle gangs probably today are the second most significant organized crime apparatus in the United States.

Senator NUNN. You are saying there are an awful lot of motorcycle club members out there that belong to legitimate clubs that do not belong to organized crime activity?

Mr. REVELL. Just as the vast majority of Italian Americans are totally law abiding the LaCosa Nostra is only a small fraction of the Italian Americans in the United States.

Senator NUNN. Does the Bureau routinely share intelligence with other State and local law enforcement agencies?

Mr. REVELL. Yes. In fact, State and locals got us into the business of investigating outlaw motorcycle gangs. They had the intelligence, provided it to us. They had been doing it for a long time, particularly the California Highway Patrol and others. We have had numerous joint investigations with State and local authorities.

Where we have a joint investigation, the intelligence is shared on a full basis. There are other cases that develop where we are dealing with an informant or undercover operation where that sharing of intelligence may be delayed depending upon contingencies of the case. But at the time when it is available, without jeopardizing the informant, or undercover operative. It will be shared and can be shared.

Senator NUNN. Does the Bureau have any information which would establish the traditional organized crime families in the mid-Atlantic area and the Pagan motorcycle gang are jointly involved in any ventures, whether legitimate or illegitimate? Nevertheless, connections are between traditional organized crime and the outlaw motorcycle gangs?

Mr. REVELL. We do. I would like to make a general statement but not specifics because we do have some problems with pending investigations. Through the Bruno family and the Pagans, we have seen a coming together on some joint ventures, particularly in the area of production and distribution of methamphetamines. We have also seen them, or have information about them consulting on other types of criminal activities and have seen a relationship apparently grow between the Pagans and the Bruno family in particular.

Senator NUNN. One other question without getting bogged down in this area. We will save that for another day.

But have you talked to the members of the strike force out there in the field, the FBI about this whole question about whether the

Labor Department organized crime units assigned to the strike forces ought to be given arrest powers and other law enforcement powers?

Mr. Revell. I hoped you were not going to ask me that. The view of the Justice Department you have already heard. Assistant Attorney General Lowell Jensen testified the other day before Senator Hatch. The Labor Department and Bob McGee is a good friend of mine, we have a different view on this, we believe that the Labor Department investigators can be the greatest assistance to the overall organized crime effort if they are involved in the development of information and civil investigative aspects and provide information to develop criminal cases to the Bureau, IRS, and other agencies that have law enforcement powers.

I think it can be done the other way too. I am not going to make a dogmatic statement. We certainly can work with it either way it goes. I believe there is merit in having a central agency conduct Federal organized crime investigations. That is the role that the Bureau sees for itself. We are fully prepared to pursue those cases that are developed by the Labor Department in conjunction with their assistance, or to support them where they need it.

Senator Nunn. I certainly agree that you ought to be the central and the focal point of this. I do not think anyone would disagree with that.

I just cannot believe, how many labor organized crime people are there under the IG assigned to the strike force?

Mr. Revell. About 75, believe.

Senator Nunn. I just cannot believe that there is a jurisdictional threat to the FBI by giving simple law enforcement powers to 75 people who are working daily with the strike forces?

Mr. Revell. I think the problem is a matter of coordination and what role is seen by the strike forces for these investigators, vis-a-vis the role of the Bureau, and again the 75 is not going to make that much difference to us. We have 1,400 agents involved in organized crime work.

I do not think, I want to pursue this because I want to work with Bob McGee and his people. We can live with whatever is determined, but I see the basis for the Justice Department view and frankly I support it.

Senator Nunn. I think if we were talking about giving all the investigators from the Labor Department, law enforcement authority, I would say it is a totally different thing. We are talking about hopefully a very talented group of people who are targeted in one area, that is, in the organized crime area and who work daily and do in many cases some of the same things that your FBI people are doing. Having gone at this from another side, we both agreed on it, at that stage, the Justice Department and the FBI testified that the civil part of the flood into the criminal part of it and it was very hard to draw the line.

If the Labor Department drew the line and said we stopped at the civil and would not get into the criminal, then that was an impediment to effective law enforcement. They had to cross that line. Certainly they have to cross it when they are getting in the strike force situation.

Mr. **Revell**. One of the things is that 75 investigators spread through the strike forces, although they would have the authority to conduct searches, arrests, title III and so forth, they would have to do so in cooperation with other agencies, mostly the Bureau because the title III would obviously could not be run with two or three investigators per strike force.

So the resources under the law enforcement aspect are there to conduct these type of investigations. But again, as an investigator, as one involved in investigations, it is a policy issue, it is one that I prefer that the Justice Department handle because we will work with the Labor Department investigators that are on the strike force, under whatever conditions and we want their support and I hope that they want our support in these cases.

Senator **Nunn**. I agree with that attitude. We will leave it there until another day.

We appreciate very much your being here and testifying. We appreciate what you are doing. I do believe the FBI and the whole Federal apparatus, as well as States, are making some progress. We have a long way to go. Of course, the most frustrating thing of all is the whole question of arresting a few people does not seem to make a dent in the organization or continuity of these groups.

You know, before you leave, we heard testimony this morning and we will ask further questions on this, as to what the result of the whole UNIRAC investigation has been. I think that was one of the best investigations I know of by the FBI or by anybody else, thorough, well done, lot of convictions and so forth. This subcommittee had considerable number hearings after that.

But the general consensus is that there has not been very much in the way of a change in the way the waterfront is run in spite of all of that.

Mr. **Revell**. I think your comments this morning about Federal legislation that the Labor Department is suporting as well as the Justice Department on the removal from office upon conviction and the 10-year duration of that removal as well as the types of offenses would be extremely effective.

I think there is another thing, Senator. We are going to take and we have been taking a separate tact. It is important to go after the leadership. For a long time we went after the street-level people because we figured we could work up the line. We found that worked sometimes but not all the time. We have now been able to penetrate through other means to the leadership.

Now it is important to pursue the enterprise.

Senator **Nunn**. The what?

Mr. **Revell**. The enterprise itself. We have to pursue the enterprise, we have to go after forfeitures of assets, we have to go after forfeitures of the businesses and we are going to be spending, and are spending a great deal of our effort in conjuction with IRS and other elements in trying to forfeit to the Government these illegal enterprises or legitimate enterprises that have been obtained through illegal means.

Twofold, going after the leadership, then going after the assets that have been developed is going to perhaps be the way that we are most effective in countering organized crime.

Senator **Nunn**. I certainly agree with that. I think that is the way to go. We will be following your progress with a great deal of interest.

Again, we appreciate all of you being here and testifying.

Mr. **Revell**. Thank you.

Senator **Nunn**. Our next witness is a man who is well known in this overall area, who has written extensively on the subject, who has been a leader in discussions of organized crime for a long number of years, Professor Charles Rogovin, who is with Temple University Law School, Philadelphia, Pa.

We are delighted to have you. We swear in all of the witnesses before the subcommittee. Do you swear the testimony you will give will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. **Rogovin**. I do.

TESTIMONY OF PROF. CHARLES ROGOVIN, ORGANIZED CRIME RESEARCH PROJECT, TEMPLE UNIVERSITY LAW SCHOOL, PHILADELPHIA, PA.

Senator **Nunn**. We appreciate your being here.

I appreciate your patience. I know you have been sitting there a long time. You have been exposed to the legislative process, hearings, and court proceedings, and I expect that this was not unexpected.

Mr. **Rogovin**. I'm glad to be here. May I say that many of us are very pleased that you are continuing the splendid tradition of interest on the part of this subcommittee in this topic and, may I commend the traditionally professional fashion in which inquiries are going forward.

I am delighted to be a participant.

Senator **Nunn**. Thank you very much.

Why don't you go ahead with your statement.

I would like to hear everything you have on your mind.

If you can summarize, it would be helpful in the interest of time. Go ahead as you see fit.

Mr. **Rogovin**. With your permission, I would like to offer my full statement for the record and summarize the more salient points.

Senator **Nunn**. We will put it in the record.[1]

I have read the whole statement which I have found to be excellent with a lot of good ideas.

Mr. **Rogovin**. Senator, very quickly if I may, let me note that I am not a career academic. However, I say with pleasure that I have been a member of the Temple University Law School faculty for 6 years. Prior to that my involvement in the organized crime field was operational. I have previously been a chief assistant district attorney in Philadelphia, Pa., responsible for all investigative work in that office. I served under Elliott Richardson as assistant attorney general for the State of Massachusetts and created for him an autonomous section of agents and attorneys to work in the organized crime area.

---

[1] See p. 482 for the prepared statement of Prof. Charles Rogovin.

In 1966-67 I was Assistant Director of the President's Crime Commission, responsible for the work of its organized crime task force. I have had a variety of other involvements in the organized crime field. One of these, which I believe is of specific interest to you, has been in the area of law enforcement intelligence activity.

I have been involved for almost 10 years with the training of analysts for work in organized crime intelligence programs.

With your permission, I would like to highlight three points which are of concern to me. Let me preface those comments, if I may, with two preliminary remarks. My views today are personal and do not necessarily reflect those of my faculty colleagues at Temple, the administration of my university and, perhaps of greatest importance, the National Institute of Justice which is sponsoring the research program which I currently direct. I won't tar others with my views nor would I necessarily adopt them as my partners.

I will dispose of this other point very quickly. You have had as a witness today a splendid representative from the FBI, Mr. "Buck" Revell. He is a man for whom I have a great deal of respect. Other persons from State and local governments who are possessed of tactical information about the state of organized crime throughout the country and more particularly the mid-Atlantic region have been here to testify. They have described current organized crime conditions. I don't profess any immediate, up-to-date awareness of organized crime conditions. I am not active in an operational sense. Thus, I do not have current, tactical information about specific organized crime groups. With that, sir, if I may, I suggest there are three areas which I think are or should be of serious concern. One area has already been highlighted in committee hearings. That is the emergence of the groups in organized crime. You heard reference in Mr. Revell's testimony about outlaw motorcycle gangs, the Black Mafia and other ethnically based criminal organizations. These evolving groups are, of necessity, an important current focus, or should be a current focus, for antiorganized crime programing.

A second area is my concern over our inability to assess or evaluate the utility of antiorganized crime efforts; more particularly, law enforcement efforts. The third area of concern is the problem of public corruption. I would like to deal very quickly with those issues or matters to give you a sense of why I am concerned.

As the subcommittee has elicited from various witnesses, there is nearly unanimous agreement that LaCosa Nostra, the Mafia, is the most important, most powerful organized crime group in the United States. But there also is a consensus that the outlaw motorcycle gangs are becoming increasingly sophisticated. On the Senator's assessment scale, a few moments ago, Mr. Revell suggested that they perhaps are approaching 6 of 10—assuming LaCosa Nostra is at 10. One could probably make slightly more modest assessments of the level of development of these other groups, but their strength and sophistication are clearly growing.

The question, however, is if left untended, or inadequately addressed, will we be confronting LaCosa Nostra style, powerful and influential groups? In a matter of years will we see these new groups reflecting the same degree of apparent invulnerability? I submit, respectfully, that is a likely prospect and unless we focus resources and energy on the emerging groups we will be playing catchup with them and probably losing, as we were losing in the LaCosa Nostra battle for so long.

It is not that there is a lack of awareness of that potential on the part of Federal, State, and local law enforcement people.

As I am sure the Senator has garnered from his hearings and from the enormous range of contacts the staff and the Senator have developed, there is a great concern out there in the national law enforcement community. The question is one of the need for policy clarification by the resource allocators—and by that I mean legislators, whether they be congressional, State, or local bodies which provide the money—that such a concentration is an important new effort.

For example, I am not finding fault with the Department of Justice strike force program. I think it has done a good deal of quality work. I think its personnel continue to work hard. I have enormous respect for many of its managers, especially the OCR section chief, Dave Margolis, as well as his predecessors. But if I am correct, the primary if not exclusive focus of the Federal strike force program is LaCosa Nostra. That suggests that the primary, frontline investigating and prosecutorial weapon of the Department of Justice is keyed to one important concern, but not to others, these newer groups. That is not to say that the Bureau, which the Senator has appropriately characterized as the central vehicle in the Federal investigative effort, is not now keying on these other groups. But, that FBI initiative does not seem to be reflected broadly elsewhere.

It is a very sensitive topic when the issue of ethnicity is raised and we all, the Members of this august body and yourself, Senator, appropriately note that there is no ethnic monopoly in organized crime. That is quite true; there are persons of every extraction, every racial and ethnic origin. But it is also important to be realistic and honest in talking about the fact that groups of persons who happen to be of one ethnic background or with a particular racial identity will join together for mutually beneficial purposes, criminal or otherwise. We cannot shy away from talking about a group because it has an Hispanic character, a black character, or a particular religious character. I think we have got to be open about the fact that such groups exist. I am including here, the Russian emigre groups which are frequently almost all Jewish, and the Israeli Mafia groups that Mr. Revell talked about, among others.

We cannot be apologetic about this, nobody should. Bad folks forming bad groups ought to be condemned, not apologized for.

Permit me to turn to my concern about the ineffectiveness of our efforts to evaluate work in the organized crime. I don't want to sound like an academic, and I don't think most people would accuse me of sounding like one, but I believe our failures in this area are serious. Although Congress has voted enormous amounts of money for work against organized crime in the last 30 years, little effective measurement of the impact of those funds has been accomplished.

State and local governments have allocated resources for anti-organized crime operations over the years in varying amounts. When the LEAA program was in existence, it had a congressional mandated priority to provide assistance to State and local units of government for such programs. But the basic question about the resources provided and employed is the one that the Senator asked just a few moments ago. That is, how are we doing? Or, put another way, I think you said that we don't seem to be doing very well.

Even when we can incarcerate the entire leadership of the Kansas City LCN family, has there been a significant impact? We don't know because we do not have the measures of effectiveness with which to make those determinations. We use a set of measures that have been drawn from the police field, measures which have acquired a kind of respect, without any validation.

We talk about numbers of persons arrested, indicted, convicted. We characterize matters as organized crime prosecutions and we lump them. We have no real exposition of what is an organized crime prosecution and why it is an organized crime prosecution. Just recently, before a sister committee to yours, the Attorney General testified about Federal successes in the organized crime field in terms of the traditional numbers used to measure effectiveness. I submit most respectfully, Senator, that such numbers are of no utility whatsoever. In 1977, at the behest of the Congress, and again in 1981, the General Accounting Office attempted to evaluate the Federal Strike Force programs. GAO, came up with criticisms, some of which were valid. But it grounded those criticisms, in the main, upon the same useless measures that have always been employed in the effort to assess effectiveness.

At the risk of blowing the horn of a research project with which I am associated, although since I am not actually doing the particular work I do not have to apologize for the positive commentary. I invite your attention to one very promising line of research. An initial and major interest of the National Institute of Justice, in terms of research in the organized crime field, was the development of new measures by which resource allocators such as the Congress could make more informed judgments about whether an antiorganized crime effort was worthwhile or not.

Senator NUNN. I think that is great. How do we judge whether our narcotics efforts are working? Peter Benzinger when he was head of DEA came up with four or five different ways that he would like for DEA to be judged. There were new ways at that time including the number of overdose deaths, the price on the street, things that don't relate directly to how many people you are arresting or convicting but really go to the question of the market.

Mr. ROGOVIN. Absolutely.

Senator NUNN. I think we have gained. Those may not be the only ways or even the best ways to measure narcotics but at least we have got something other than the historical how many people did you arrest which sometimes places the wrong incentive on the whole law enforcement effort. If your measuring devices are erroneous then the incentives in the field for people who take pride in their work are also erroneous. Are you addressing the narcotics evaluation also as part of organized crime?

Mr. ROGOVIN. Not in the specific way that I think the testimony secured from Mr. Benzinger may have suggested. We haven't focused exclusively in the narcotics area, but narcotics is one of the concerned subjects, since it has been a major activity for organized crime to which the new measures we are seeking to develop would be directed. We are at a point where we have some preliminary formulations.

We have secured the cooperation of a very sophisticated law enforcement agency at the State level. I might add, one which is willing to try and work with these measures to see if they are feasible for use more broadly. We will know better in about 2½ months.

Senator NUNN. Have you already developed them to the extent that the law enforcement agency you are working with is actually beginning to test them now?

Mr. ROGOVIN. We expect that process to begin, Senator, in about 10 days. We are hopeful that we can start in about 10 days.

Senator NUNN. I wonder at what stage you would have the information developed where you could perhaps come up and present it to the appropriate committee, whether it is this one or some other committee?

Mr. ROGOVIN. Certainly as soon as we feel we have got something that is useful we can make it available. I would be delighted to make it available.

Senator NUNN. You want to test it first?

Mr. ROGOVIN. Yes. Otherwise it becomes purely speculative.

Senator NUNN. How long do you think it would take to do the testing?

Mr. ROGOVIN. I am hopeful the pilot test could be done in a month and a half. That would give us a sense as to whether the intelligence analysts—obviously this is grounded in the intelligence data—can produce a response to the proposed measures. If they can do that, then we think we can talk with the Department of Justice and the National Institute about a much larger test.

Senator NUNN. I would be very interested in that.

Mr. ROGOVIN. We would be pleased to keep you informed, sir. The third area that I would like to advert to if I may, sir, is the matter of public corruption.

I think if there is any entity in the Congress which has over the years consistently advised the American public that corruption is a sine qua non; that without which any sophisticated organized crime group cannot operate, it is this subcommittee. That proposition has been documented time and again. What I am concerned about, however, is the frequency with which the public perception of corruption is directed toward the law enforcement area.

Frequently, the entire discussion which emerges is exclusively about police corruption. Now I am by no means an apologist for police corruption; nor is the majority of the American police leadership. But I think that so narrow a focus ignores what is a far more critical, and to me, a more significant area of corruption. I speak of two parts: The first is corruption in the administrative processes of Government. In that regard, I suggest concern be directed to those States that have a statewide liquor control mechanism. Some States call it a liquor control board, or an alcoholic beverages control commission or some other agency of that kind.

It has been documented over and over again that organized crime secures licenses to operate liquor dispensing establishments; bars, restaurants that serve alcoholic beverages, night clubs. Most of the statutes upon which authority to regulate are grounded contain provisions about the necessary good moral character of the licensees. In the case of organized crime, of course, as the Senator is aware, licensees are frequently straw parties for real owners who are organized crime participants. But what is of concern to me is that control of such licenses or privileges is in agencies where investigative activity is rarely adequately pursued or action taken swiftly enough to constrain the profitmaking possibilities for organized crime.

The papers in my home State this morning were full of the fact that a legislative committee just recommended that eight liquor agents take polygraph examinations. I don't want to raise a debate, Senator, over the efficacy of the polygraph. According to the press the committee's request was grounded upon a report that eight State agents had claimed their fifth amendment privilege against self-incrimination before a grand jury inquiring into the performance of their duties. I think that begins, at least in part, to make my point.

Again let me say, Senator, that while I make no apology for police corruption, I do not believe that it is the primary or most important corruption from which organized crime benefits. Organized crime also derives benefits from corruption in the judiciary, as well as in administrative agencies.

One of the Senator's colleagues who was present this morning, Senator Specter of Pennsylvania, before being elected to the U.S. Senate, had been appointed a special investigator to investigate allegations of corruption among the judiciary in Philadelphia; that is, the lower court judges, or Magistrates as they were called at the time. As a consequence of his work I might point out, significant reforms were achieved. But for years allegations of corruption in that judiciary were rampant in that city. Only when a hard-nosed investigator went to work on it were reforms achieved.

Senator, I don't mean to be interpreted as attacking all prosecutors or all police chiefs who don't pursue public corruption. I do not suggest that they are thereby corrupt, that is not the case at all. Some who fail to do so are, of course. But by and large, the pressure to deal with street crime may easily divert attention from the area of public corruption.

A second problem is that often there is no institutional capability to pursue public corruption. Some States, for example, have lacked electronic surveillance authority, immunity authority, grand jury investigative authority, and other tools. Further, in jurisdictions were appointment to prosecutorial office is a function of predicate political activity or via election ascent to the job of prosecutor is dependent upon the support of party organizers.

Too eager and aggressive inquiry into corruption can have negative political consequences. This, people are often afraid to pursue it. However, I am not suggesting that this committee initiate a moral crusade. Such terminology bothers me. I don't think that in any event that such would be a significant approach to the solution of the problem. I do think the public has been to be reminded time and again that public corruption is a major element in the successes of sophisticated organized crime. Especially as public cynicism increases with every disclosure of the breaches of public trust.

Those are the three points I have tried to present to you.

Senator NUNN. Those are all very important points. I am very fascinated with your evaluation information. I will be looking forward to receiving that. Do you get the idea that, compared to now, say 5, 10 years ago, that the Federal agencies are doing better? Do you think we are in neutral? Do you think we are moving forward at the Federal level?

Mr. ROGOVIN. I think at the Federal level, overall, the commitment to antiorganized crime work has been substantially increased. I was concerned, as were many others with what happened to the IRS effort in the anti organized crime campaign post-Watergate. I think there is now developing both congressional pressure and agency pressures to put IRS back into an appropriate role in that area. I am concerned, however, as I said earlier that we not be hanging on to ro clinging to certain traditional views of organized crime.

Senator NUNN. What do you see as the Federal role in this public corruption area when it gets to let's say non-Federal officials, licensing, administrative bodies at the State level and like State judicial official holders?

Mr. ROGOVIN. I would, one, like to see Federal expertise used to create certain object lessons both for the citizenry in an afflicted jurisdiction and to the participants in corruption there. That is useful because such actions can serve as a positive model to stimulate or motivate the established law enforcement apparatus in the afflicted jurisdiction to act.

Second, I would like to see Federal expertise shared with State and local persons where it doesn't currently exist. Every jurisdiction is not like the sophisticated office of Robert Morgenthau, the district attorney of Manhattan. I would like to see cross commissioning of State and local prosecutors with Federal Department of Justice people in the public integrity section so that some of that investigative expertise can, on a rapid basis, be supplied to local prosecutorial people. I would like to see task forces formed with sophisticated personnel from the FBI and local law enforcement agencies.

That kind of assistance I think could be useful.

Senator NUNN. Do you have any suggestion? You heard testimony this morning about organized criminal family capability of being convicted, going to penitentiary, actually controlling the activities of the mob from the penitentiary.

Are there any constitutional ways that that can be restrained beyond what is now being done?

Mr. ROGOVIN. I have serious question as to how much further we might go. You can't deny access to visits to people because of their status in the crime world. You can't deny a convicted person the opportunity to confer with his counsel as to the possibility of a collateral attack on a conviction or even as to pursuing an appeal. I think, however, we can make clear to the parolling authority or the probation authorities, as the case may be, that contact with actual or suspected participants in criminal activity by an incarcerated individual will impact negatively on their potential for early release.

Senator NUNN. Do you see that there ought to be some people involved in the prosecution, let's say some Justice Department people or FBI people that follow these activities and make it as a regular course of habit to report to the parole board?

Mr. ROGOVIN. Absolutely.

Senator NUNN. That is one of the deficiencies of the whole parole operation now, there is no cross current, no real coordination between those who prosecute and those who are doing the parolling.

Mr. ROGOVIN. I share the Senator's concern. I think it is absolutely a legitimate function to inform the parole authorities of activities of that kind.

Senator NUNN. Right now most of the parole witnesses and contacts are made by the attorneys for the defendants, which is unusual, family and friends. There is very little prosecutorial input into the parole precess.

Mr. ROGOVIN. I think it is quite appropriate, on the question of whether an individual is a fit subject for release, prior to expiration of his maximum sentence. Early release is a matter of grace, not of entitlement, in my judgment. I think, yes, as the Senator suggests, law enforcement should be communicating with those authorities.

Senator NUNN. One other general area of inquiry.

We have heard testimony that the intimidation of witnesses, the retaliation for testimony, the coercion of people who are potential witnesses, even threats against law enforcement are being more prevelant in terms of organized criminal activity, making it more difficult if anything to secure honest citizens type testimony. Are there any steps that could be taken when these kind of things occur, if, let us say, a witness' family is hit or threatened?

Are there any areas that you can suggest that would help in providing disincentives for the organized criminal elements to take these kind of steps of retaliation?

Mr. ROGOVIN. Of course as the Senator is well aware, apart from the potential to bring a prosecution against an individual who seeks to obstruct justice or intimidate a witness, I think the emphasis probably has to be placed on expanding the potential for protecting people who are willing to cooperate with their governments.

We both recognize, as do your colleagues I am sure, the difficulty of making organized crime cases, even where witnesses are willing to cooperate. But in order to induce others to cooperate, I think you have got to expand——

Senator NUNN. The witness protection program?

Mr. ROGOVIN. That is correct, sir. I know that is a controversial issue. But the point is, I have a great respect for example, for the manager of that program Gerald Shur is, I think, very much cognizant of the issue the Senator is raising here.

Senator NUNN. The critics of the witness protection program, we have criticized it in this subcommittee, we have 20, 30 suggestions we have made, we will follow up on that in the next few months to see what is being done.

But in every criticism I have ever uttered, I have also said that this program is absolutely essential. If you do away with this program, you might as well get out of the flight with organized crime. It cannot be done.

Mr. ROGOVIN. I think there is another aspect. The Senator's question implicated not just the converted "bad guy," if I may use that term; that is, someone who becomes a defector from inside. But we are also talking about civilians who are threatened, people who otherwise are not blameworthy.

Those kinds of people would not be the type to create problems in the protection program if they could be given protection.

Senator NUNN. That is where the area where the program has been most efficient in the past. The program has been geared to basically protect people who do not want to go back to the old identity, who do not need their old credit, because it was not good, who do not care about having their diplomas known, credentials known. Nevertheless the criminal element the program is better equipped to deal with and protect the criminal element than it is the honorable citizen.

Mr. ROGOVIN. That is right.

Senator NUNN. That is what is really difficult. It is understandable that that has been a problem. I hope they are making progress on it. We are going to go into it.

We appreciate very much your testimony, your cooperation and your years of effort in this area. We hope we will be able to stay in touch with you and certainly we want to get any information you have about this evaluation as it becomes available.

Mr. ROGOVIN. I would be glad to submit it when it is in appropriate form.

Senator NUNN. Thank you very much.

We will now adjourn the hearing.

We are now going to, without objection, place in the record before the record is closed, the testimony of Lt. Col. Justin Dintino, prepared and given to the Senate Judiciary Committee in 1983 as if read here. This is a very detailed statement. I think it is necessary to complete our report.

[The statement referred to was marked "Exhibit No. 17," for reference, and may be found in the files of the subcommittee.]

Senator NUNN. The hearing is adjourned.

[Whereupon, at 2 p.m., the hearing was adjourned.]

APPENDIX

PREPARED STATEMENT OF SENATOR WILLIAM V. ROTH, JR.

Today, the Permanent Subcommittee on Investigations is conducting hearings on the current state of organized crime in the Middle Atlantic States. We will hear from witnesses who will prove that there is more than just a possibility that organized crime is involved in toxic waste disposal. They will show that, as an outgrowth of organized crimes control of the garbage industry and because of the great potential for illegal profits, organized crime is, indeed, in the toxic waste business.

Our hearings build upon the work of the House Subcommittee on Oversight and Investigations of the Committee on Interstate and Foreign Commerce which issued a report last month dealing with the involvement of organized crime in the hazardous waste disposal industry in New Jersey. This valuable report was the result of extensive hearings conducted over a two year period. The Subcommittee, in its report, concluded that there is a distinct possibility that organized crime is involved in the hazardous waste disposal industry.

Dr. Alan Block, Associate Professor of Criminal Justice at the University of Delaware, will present a summary of his research on the development of organized crime elements into toxic waste disposal and will explain how individuals who have been identified as organized crime figures have permeated the ranks of the toxic waste industry. Mr. Jeremiah McKenna, counsel to the New York State Select Committee on Crime, will inform the Subcommittee of illegal toxic waste disposal operations the Select Committee has identified and their links to organized crime figures.

Anyone who reads a newspaper can hardly be unaware of the problems of toxic waste disposal. Unfortunately, toxic wastes are an inevitable by-product of our industrial society. Companies which produce chemicals, petroleum products, paper, textiles, drugs and many other products generate such toxic waste as PCB's, dioxin, lead, mercury and arsenic.

In 1980, the Environmental Protection Agency (EPA) estimated that U.S. industries generated more than 400 pounds of hazardous waste for every man, woman and child in this country. Each year, an estimated 40 million tons of toxic waste must be disposed without threatening the public's health. Toxic waste, disposal, either by dumping, detoxification, or storage, has in recent years come under the scrutiny of the States and the Environmental Protection Agency which have instituted standards and regulations for the estimated 12,000 hazardous waste dump sites. However, because of the inherent danger of toxic wastes, these disposal procedures may be complex and expensive. Serious questions have also been raised as to whether there are enough disposal facilities to handle all of the toxic wastes being generated, and whether those facilities are doing the job properly. EPA has estimated that 90 percent of the facilities have inadequate environmental safeguards. Toxic waste disposal is a specialized field of waste disposal where there are many more generators than safe disposal facilities.

The Comprehensive Environmental Response, Conservation and Liability Act of 1980, the so-called "Superfund" legislation was enacted to provide for the immediate clean up of toxic dump sites when they are discovered, thereby attempting to lessen the arduous and time-consuming process of first establishing who was responsible for the dumping. The administration of this program has been widely questioned and is currently the subject of at least six separate Congressional inquiries. Notwithstanding the allegations of administrative problems, the philosophy of the program itself--to remedy the immediate hazard and allocate responsibility at a later time--presents little deterrent effect to illegal dumpers who can easily avoid identification. Obviously toxic dumps have to be immediately rectified. But I believe illegal dumpers may be using this public policy to facilitate and cloud their criminal acts.

The very fact that toxic waste dispoal is an exotic and costly form of waste disposal gives rise to the question of organized criminal involvement. As far back as 1957, the U.S. Senate Select Committee on Improper Activities in the Labor or Management Field, the predecessor of this Subcommittee, chaired by Senator John McClellan, reported that there was a strong influence of organized criminal activity over the garbage industry in New York and Los Angeles. Witnesses before the Hosue Subcommittee on Oversight and Investigations of the Committee on Interstate and Foreign Commerce in 1980 and 1981 told of the control of the carting industry in New York and New Jersey by organized criminal figures. Almost all of the law enforcement officials contacted by PSI staff readily conceded that organized crime is involved in enforcing pick-up territorial rights and can dictate who can dump waste in which dump. It logically follows that this control also extends into the pick-up and disposal of toxic waste.

There are substantial profits to be made in illegally dumping toxic wastes. Some companies pay over $100.00 for the disposal of each 55 gallon drum of toxics they have. Generators of toxic waste cannot always afford the costs of their safe disposal and may be willing to pay large amounts of money to someone who will take the responsibility. PSI investigators have heard reports of unscrupulous toxic waste disposal companies who, through fraud or bribes, will appear to be complying with safe disposal requirements while merely dumping the toxic waste wherever it is convenient. The generating company may be paying the high cost for safe toxic waste disposal, while the illegal dumper incurs none of the expenses involved in proper treatment.

The means by which toxic wastes can be illegally disposed may be elementary or quite sophisticated. In some cases the disposer merely drives down the highway to a secluded sight and empties the barrels on the roadside. One company is alleged to have dumped thousands of gallons of toxics directly into the municipal sewer system. Toxic wastes have been discovered mixed in with regular garbage going into public landfills. PSI investigators have been told that tank trucks filled with toxics may cruise the highways on rainy nights with their valves open, until the toxics have spilled out entirely. Even more insidiously, there have been cases in which toxic wastes have been mixed into heating oil which was then sold to the public. Not only were the poisons then burned into the air, but the oil was less efficient, causing the customer to buy more. As a result even more toxics were mixed into the air.

It appears that law enforcement agencies in this field are not yet able to counter organized crime for a variety of reasons. The states, given ever increasing responsibility for controlling toxic waste, have enacted statutes but their jurisdictional and resource limitations have in many cases thwarted effective regulation. At the state and local level there are few experts, and fewer funds, available to chemically analyze the type of toxic waste, determine where it came from or how it may be cleaned up. There is also the inherent danger of sending personnel into an area which may contain deadly poisons. Law enforcement officials are understandably reluctant to order their people into areas of unknown health hazards. State authority is also often unclear in cases where, as Mr. McKenna will testify, an entity from one state picks up toxic waste in a second state and dumps it in a third state.

The resources and manpower of the EPA do not yet appear to be able to effectively supplement the states efforts. EPA has only four investigators for the entire New York-New Jersey area, and those four are based in Philadelphia. EPA's Criminal Enforcement Division, responsible for making criminal dumping cases, has only operated for five months. The Environmental Crime Unit of the Division of Lands and Natural Resources at the Department of Justice is not yet operational and has had no cases referred from EPA.

Thus, we have the garbage industry, which evidence indicates may well be controlled by organized crime, involved in the lucrative area of toxic waste disposal, where expenses can be minimized and profits maximized by avoiding the few law enforcement efforts that are being made.

The dangers that are presented by organized crime's unrestrained dumping of toxic wastes are terrifying. Substances which have an unknown effect upon the public health may be dumped directly into municipal water supplies, onto roadways or other areas in which unsuspecting persons may come in contact. With luck, the poisons may be discovered before any harm is done, but more likely, the illegally dumped toxic wastes will only become apparent after a significant number of persons have suffered serious injury. In this area, organized criminal elements have illustrated that they are willing to endanger the public at large in order to make an extra buck. This criminal disregard for the American people demands that every effort be made by the state and federal government to destroy any vestige of organized crime in toxic waste disposal.

That concludes my statement, thank you.

PREPARED STATEMENT OF THE AMERICAN MOTORTYCLIST ASSOCIATION

The American Motorcyclist Association appreciates being invited by the Permanent Subcommittee on Investigations to present comments during these hearings on the role of motorcyclists in organized crime. The American Motorcyclist Association is the nation's largest voluntary membership organization for citizens who own and enjoy motorcycles. We were founded in 1924 and currently have over 133,000 members and 1,100 affiliated clubs. We have always promoted, encouraged and publicized the positive, responsible and law-abiding use of motorcycles.

The AMA would certainly not object to any effort that might serve to control crime, but we feel there are some very serious ramifications to this committee's efforts that could affect innocent citizens only because they happen to choose motorcycles as their primary or secondary mode of transportation. In fact, our members have been much maligned by the popular public association of the motorcycle with lawlessness.

This is not the first time that AMA has presented testimony to Congress on this issue. In March of 1980, AMA came before the House of Representatives regarding proposed House Concurrent Resolution 220, authored by Robert S. Walker (R-PA). You may recall that HCR 220 called for a federal "strike force" to pursue "outlaw motorcycle gangs." As we did then, we feel that this goal is ambiguous, and between 1980 and 1982, AMA and motorcyclists in the United States were never quite sure what it really was Congress wanted.

In order to gain a sense of how our members felt, we surveyed them, giving them a copy of HCR 220 and asking their comments. The results clearly showed that they disapproved the action by Congress and frequently mentioned problems that might be caused by "guilt by association," police harassment of ordinary riders and club members and general fears of bureaucratic witch hunts.

The concerns that we would put before this committee are much the same as they were in 1980. The committee must determine whether its goal is to investigate motorcyclists or criminals who happen to use motorcycles and clearly differentiate between the two. Unless the committee clearly defines its focus, we will be faced with the same misunderstanding which followed the introduction of HCR 220. The subject of the committee's investigation as presently phrased, "outlaw motorcycle gangs," remains ill-defined and an overly general concept. The members of the American Motorcyclist Association want to know if this investigation will center on motorcycles or criminals.

We feel that the problem of crime associated with motorcycle ownership is a popular misconception that has been exploited, distorted and overemphasized by the media, though this is not to say that a problem does not exist. However, the extent to which a problem exists is yet to be determined. The AMA believes that popular treatment of the association of crime with motorcycling has led to the vilification, harassment and abuse of millions of law-abiding American citizens who own and ride motorcycles.

It must be the task of this committee to determine both the extent of the problem and to protect the rights of law-abiding motorcyclists.

We are grateful for the courtesy of being invited by the Subcommittee on Investigations to present comments for the record during these hearings on organized crime. We believe that the interests of America's motorcycling public and law enforcement are better served by open communication regarding real or potential problems. We would conclude by asking the committee not to forget that the vast majority of America's motorcyclists are responsible, contributing members of society.

PREPARED STATEMENT OF CORPORAL TERRY KATZ, MARYLAND STATE POLICE

FEBRUARY 15, 1983

My name is Terry Katz. I hold a bachelor of science degree from Towson State University, Baltimore, Maryland. Since July 1970, I have been a member of the Maryland State Police, and from 1971 to the present my primary assignment has been that of an investigator specializing in non-traditional organized crime including the investigation of outlaw motorcycle gangs. Since September of 1976, I have attended over 16 seminars and conferences, throughout the United States and Canada, concerning the investigation of outlaw motorcycle gangs. I have been featured as a guest speaker at many of these seminars.

Most historians agree that outlaw motorcycle gangs originated in the State of California in the years immediately following World War II. Returning servicemen sought out other veterans and from that comradeship evolved what we now know as outlaw motorcycle gangs. These original clubs, formed for recreation and excitement, began to gain national notoriety when they merged into what is now known as the "Hell's Angels" motorcycle gang. Outlaw motorcycle gangs, particularly the Hell's Angels, were glorified by low-budget movies which depicted an existence filled with intoxication, sex and occasional violence. These movies created a certain gang mystique which appealed to other young men who were then drawn into this lifestyle.

By the late 1950's and early 1960's, these outlaw motorcycle gangs had grown dramatically. In addition to the Hell's Angels, other gangs began to appear on the national landscape and quickly became involved in illegal activities such as narcotics and prostitution as well as violent behavior directed against motorists and individuals at large. Today, outlaw motorcycle gangs have evolved into multi-structured, highly disciplined groups which are frequently governed by a written constitution, national officers, a national "policy board" and local officers. Through their organization, their intimidating presence and their reputation for violence, these gangs have been able to instill fear, ignore traditional societal norms, transcend the law and often escape or evade prosecution.

The four major outlaw motorcycle gangs currently operating in the United States are the Hell's Angels, the Bandidos, the Pagans, and the Outlaws. The combined membership of these four outlaw motorcycle gangs is approximately 4,000 members. In addition, it is estimated that for every "color-wearing" member of these motorcycle gangs there are approximately 10 male and female associates. There are approximately 900 other smaller outlaw motorcycle gangs currently operating in the United States. The members and their associates are involved in a variety of illicit, conspiratorial activities, including the manufacture and distribution of chemical drugs, the distribution of narcotics and marijuana, welfare fraud, theft, arson, dealing in stolen property and prostitution. It should be noted, that in spite of their numbers, outlaw motorcycle gangs constitute a very small minority of all persons who ride motorcycles. When considering outlaw motorcycle gangs, we are speaking of approximately 1% of the motorcycling public.

One principal belief, which is almost universally adhered to and believed by outlaw motorcycle gang members, is that they should be able to live a comforatable life without gainful employment. In order to achieve this, gang members will invariably turn to a life of crime. It is often asked how a group of individuals who appear to be unorganized, dirty and unkempt can be considered to be a dangerous organized crime threat. Ralph Salerno, a retired New York City Police officer, who co-authored The Crime Federation, is considered one of the foremost authorities on organized crime in the United States. He defined organized crime as "a self perpetuating, continuing criminal conspiracy for profit and power, using fear and corruption, which seeks immunity from the law." Mr. Salerno specifically stated that motorcycle gangs are the most recent addition to the realm of organized crime. The use of intimidation, their organized structure, continuing existence and profit motivated activities clearly places them within the definition of organized crime.

Just as traditional organized crime supplied illicit whiskey to the public during prohibition, today, outlaw motorcycle gangs manufacture and distribute methamphetamine, cocaine, marijuana, Phencyclidine and other drugs. Motorcycle gangs are uniquely suited for the distribution of these drugs in that they have a highly organized structure, they are extremely mobile and transient and they maintain a well deserved reputation for violence. Thus, while other groups may fail, motorcycle gangs are able to efficiently distribute drugs, collect their debts and drive competition out of business. Their desire to expand into the lucrative drug trade has brought them into virtually every area of the United States and every province of Canada. Where it used to be unusual to see a motorcycle gang member on anything other than a motorcycle, gangs are now involved in such lucrative criminal activities that it is not unusual to see members in large luxury automobiles and sports cars. Gang members may also be observed on a regular basis flying to various parts of the country to conduct business for the club and for their own personal gain.

An analogy is often drawn by those in law enforcement that the criminal activities of today's motorcycle gangs are similar to the criminal activities of traditional organized crime during the 1920's and 1930's. However, today's motorcycle gangs have a more sophisticated organized structure than did traditional organized crime groups of the 1920's and 1930's. It is important to note that motorcycle gangs are involved with traditional organized crime families, such as the Mafia. Gang members from clubs like the Hell's Angels, Outlaws and the Pagans have all been reported to take contracts with traditional organized crime families for murders, assaults, strongarm enforcement, loanshark collection and arson. In some instances, these contracts have been directed against rival traditional organized crime participants.

Although women play a very important role in the illicit activities of motorcycle gangs, they are treated the same way as any other possession of a gang member. In fact, women who associate themselves with motorcycle gangs are considered mere property of the club or an individual gang member. Members use these women as topless dancers, prostitutes, and street level narcotics distributors, who are expected to turn over all of the monies from these activities to the gang member. Gang members also frequently use women to insulate themselves from prosecution by having the women associates carry the stash of drugs and weapons. These women are also used by gangs to obtain intelligence information on law enforcement activities. Instances have been documented where gang women have been employed in such sensitive areas as courthouses, police department communications and criminal records sections, motor vehicle administrations and the telephone company.

Motorcycle gangs have also begun to invest their profits from prostitution, stolen property and drug distribution into legitimate businesses. Following a series of suspicious arsons aimed at potential competitors, members of the Hell's Angels gained a monopolistic control over the mobil catering business in a California county. Bandidos members have been known to own nightclubs in and around large Texas cities, and it has been reported that Outlaws openly own or have a hidden controlling interest in bars, massage parlors and other related activities. Motorcycle gangs often operate motorcyle repair facilities, providing them a legitimate "front" so that members who are being released from jail on parole or probation have a legitimate place of employment. In addition, these legitimate businesses supply gang members with safe locations in which to meet and distribute narcotics or stolen property. In many areas throughout the United States and Canada, nude or topless dancers are booked through "agencies." These agencies are often a very lucrative form of business and gang members, sensing potential profit, have now formed their own booking agencies or taken over existing agencies.

Outlaw gangs in the United States and Canada have shown a remarkable sophistication in weaponry. In addition to conventional weapons, motorcycle gangs have been known to possess automatic weapons, anti-tank and anti-armor weapons, plastic explosives and remote control detonators. These Anti-personnel devices have been either manufactured or illegally obtained from military sources. The skill with which motorcycle gangs employ explosives has been demonstrated on numerous occasions by the bombing of cars, buildings, the ambushing of rival gang members and police officers. Many outlaw gang members have also begun to wear bullet proof vests, which in some cases are of better quality than those issued to law enforcement personnel. Some gangs have developed the ability to detect electronic surveillance devices and to utilize scanners in order to monitor police frequencies in the area in which the gangs operate.

The growth of outlaw motorcycle gangs within the United States and Canada is continuing daily. The Hell's Angels and Outlaws have moved to various parts of the country and in Canada. These rival gangs have independently located in North Carolina where they are literally at war with each other for the dominance of the prostitution and illegal drug market. Larger gangs, through mergers, intimidation or a combination of these two factors are absorbing smaller clubs. From the national perspective, the outlaw motorcycle gang problem has been ignored for too long. There must be an immediate national response to this problem in order to check the growth of these violent, criminal organizations.

This completes my prepared statement, thank you.

PREPARED STATEMENT OF MALCOLM L. LAZIN, CHAIRMAN, PENNSYLVANIA CRIME COMMISSION

BEFORE THE

U. S. SENATE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

FEBRUARY 23, 1983

My name is Malcolm L. Lazin. I am the Chairman of the Pennsylvania Crime Commission. I am accompanied by Wallace P. Hay, Executive Director of the Pennsylvania Crime Commission and Gino L. Lazzari, Inspector of the Field Operations for the Commission.

The Pennsylvania Crime Commission, which was created in October of 1968 by the Pennsylvania legislature, became an independent Crime Commission in October 1978. The Pennsylvania Crime Commission has five Commissioners, who are appointed: one by the Governor; and, one each by the majority and minority leaders of the Pennsylvania legislature. The Commission is mandated to conduct investigations of organized crime and public corruption and to submit a written report to the legislature each April. The Pennsylvania Crime Commission is not a prosecuting agency; it refers its information to the Pennsylvania Attorney General or any federal, state or local district attorney for prosecution. As an example of our investigative success in these matter, I would like to place into the record a copy of the following reports:

1. A Decade of Organized Crime
   1980 Report
2. 1980 Report
   April 1981
3. Health Care Fraud: A Rising Threat
   December 1981 Report
4. 1981 Annual Report
   April 1982

The Commission also makes recommendations to the legislature for new laws to help stop the illegal activity in the state. Our entire staff consists of 57 employees in our four regional offices throughout the state.

Traditional Organized Crime

There are three La Cosa Nostra families which are headquartered in the Commonwealth of Pennsylvania. These families are identified as:

1. The Russell Bufalino Family which is located in the Scranton & Pittston, Pennsylvania area.
2. The Sebastian John LaRocca Family which is located in Pittsburgh, Pennsylvania; and
3. The Angelo Bruno Family which is headquartered in Philadelphia, Pennsylvania. (This family still carries the name Angelo Bruno for ease of recognition. Since Bruno's murder, Philip Testa was the boss; the current boss has been identified as Nicodemo Scarfo, but the family is still referred to as the Bruno family by law enforcement officers.)

Set forth below is a review of the status of the Bruno family, Bufalino Family and LaRocca Family.

I. Angelo Bruno Family

On November 14, 1957, Sebastian John LaRocca, Russell A. Bufalino and Joseph Ida, who was then the boss of the Philadelphia family, were identified as being present at the Appalachin New York LCN meeting with many other top LCN members. In the early part of 1959 Joseph Ida, fearing that he would be imprisoned, fled the United States and returned to Italy. At the time he left, he appointed his close friend, Antonio Rocco Polina to be the boss of the Philadelphia family. Polina was not a popular choice and he feared that a young rising star, Angelo Bruno Annaloro, would be a threat to him. Polina confided in Ignazio Denaro and others, and contracted with them to murder Bruno. Instead of carrying out the "hit," Denaro went directly to Bruno and told him of Polina's plans. Bruno went directly to the commission in New York, which ruled in Bruno's favor in the dispute with Polina; made him the boss of the Philadelphia family and gave him a free hand to "do with Polina what you wish." Bruno decided not to retaliate against Polina and retired him from active work in the affairs of the Philadelphia family. Bruno then became known as "the gentle Don."

From 1959 until he was murdered on March 21, 1980, Bruno led the Philadelphia family of LCN with a gentle but "iron hand." There were no known murders of LCN members in the Philadelphia family area during the time that Bruno ran the family operations.

Under Bruno's leadership very few new members were inducted into the Philadelphia famiy of LCN, which caused it to become a family consisting of men over 60 years of age. By not admitting new members over the years, Bruno and the older men maintained complete control of the family actvity, much to the disagreement of the younger members of the family, such as Nicodemo Scarfo, Frank Sindone, Philip Testa, Frank Monte, Frank Narducci and others.

During FBI wiretaps and microphone coverage at the loanshark headquarters of Sindone, information was obtained that there was a great deal of dissatisfaction between various members of the Bruno family. In one conversation during April of 1976, Philip Testa and Nicky Scarfo were bitterly complaining about the leadership of Bruno and the aging consiglieri, Joseph Rugnetta. Both Testa and Scarfo felt that the old people, such as Bruno and Rugnetta, should voluntarily step down and let younger men, such as Testa and Scarfo, take over the operations of the family.

In a separate conversation during April of 1976, Frank Sindone told Salvatore Merlino of his desire to "get out of the business and move to California and buy a ranch." Sindone complained that Bruno and Testa would not let him leave the area, even though he promised to turn over all of the loanshark business to them and leave with nothing more than the cash he had accumulated over the years. Sindone considered Bruno to be like a father to him but complained that Bruno was obsessed with "those old world ways." Bruno was described as a very conservative person, whose main interest was to make money. Sindone stated that he had seen all of the "big guys," Carlo Gambino, Vito Genovese, Anthony Anastasia, but stated that Bruno was much sharper then they. According to Sindone, because of Bruno's conservative attitude, he was known by his New York City counterparts as "Sure Shot Charlie." By this Sindone meant that before Bruno would put money into a deal, he had to be guaranteed in advance that should the deal fail, he would get his money back.

Most of the younger element of the Philadelphia family were upset with Bruno and the old "mustache Petes," who demanded the respect of all of the younger men, but did little or no work; took no risks, but demanded a large share of the profits obtained thorugh the sweat of the younger men. The younger members were upset with Bruno because he allowed members of the New York Gambino Family to set up businesses in Philadelphia territory in South New Jersey, while the young Philadelphia family members were complaining of not being allowed to make a buck.

Throughout his leadership years, Bruno was said to be against any family member being involved in the narcotics trade. Several of the family members were convicted of narcotics violations during Bruno's reign, namely Harry Riccobene, Peter Casella, Frank Sindone, Raymond Martorano. Although Bruno was against drug involvement by his members, it was reported that he always took his share of the profit from any drug deal. During Bruno's reign, any family member who was arrested on drug charges knew that Bruno would not use his power and connections in an effort to free the members from a possible conviction.

As previously mentioned there were no known LCN members murdered in the Philadelphia family during Bruno's reign. Compared to cities such as Chicago, Illinois and New York, New York, where gangland style hits were commonplace, Philadelphia was literally known as "Sleepy Hollow." The legend of Sleepy Hollow came to a startling end on the night of March 21, 1980.

Set out below, in chronolcgical order, is a list of the LCN members of the Angelo Bruno Family and associates who were murdered in the Philadelphia gang war, which is currently in progress in the Philadelphia area. (An asterisk beside the name designates an LCN member. The other individuals are close associates of LNC members of the Philadelphia family.)

*1. Angelo Bruno - On the night of March 21, 1980, Angelo Bruno had dinner at Cous' Little Italy Restaurant in Philadelphia with his attorney, Jacob Kossman, and Raymond Martorano. Martorano was supposed to drive Bruno home, but begged off and John Stanfa was selected to drive Bruno home. While Bruno was seated in Stanfa's automobile parked in front of his residence, an unknown assailant placed a double barrel shotgun behind Bruno's right ear and fired both blasts which killed him instantly. Stanfa was slightly scratched on the arm from bone chips from Bruno's jaw as he attempted to leave the vehicle. The assailant escaped and no harm befell Stanfa. On March 27 and March 28, 1980, an FBI surveillance disclosed that Stanfa, Frank Sindone, John Simone, Albert Salerno and Antonio Caponigro were observed in Newark, New Jersey at a meeting and in New York City at a meeting concerning the murder of Angelo Bruno. Stanfa was called before a federal grand jury investigating Bruno's murder and was later indicted on two counts of perjury, concerning his whereabouts on March 27, 1980 and March 28, 1980. Stanfa fled the Philadelphia areas and was arrested in December of 1980 in Landover, Maryland, operating a pizza shop under an assumed name. Stanfa was also using an automobile registered to a company owned by Emanuel Gambino, Pennsauken, New Jersey. Stanfa was tried and convicted in federal court on two counts of perjury and is currently serving an eight year prison term. Stanfa entered the United States as an alien in 1964 and married an American girl from South Philadelphia. He operated a construction business and did work on Bruno's residence and other LCN owned buildings. Investigation later determined that Stanfa, at the time he left his native Sicily, was already an inducted member of the Gambino LCN family.

*2. Antonio Rocco Caponigro - On April 17, 1980, the bodies of Antonio Rocco Caponigro, aka Tony Bananas, and his brother-in-law, *Alfred Salerno, were found in the Bronx section of New York City. Salerno's body was badly beatened and he suffered multiple gun shot and stab wounds. His body was found in a funeral director's bag on a deserted street. Caponigro's body was found in the trunk of an abandoned automobile a few blocks away. Caponigro had been garroted and bore multiple gun shot, stab wounds and bruises. He was obviously severely tortured before he was murdered. In addition, torn 20 dollar bills were scattered about his body to indicate that he had committed a greedy act. At the time of his murder, Caponigro was the consiglieri of the Bruno family.

*3. John J. Simone - On September 19, 1980, the body of John J. Simone, aka Johnny Keys, was found in a dump on Staten Island, New York. Simone had been shot in the head and his body dumped without shoes and stockings. At the time of his death, Simone was a capodecina in the Bruno family. He was the cousin of Angelo Bruno.

*4. Frank G. Sindone - On October 30, 1980, the body of Frank G. Sindone was found in two plastic garbage bags behind a 5 & 10 cents store at 20th and Oregon Avenue in South Philadelphia. Sindone had been shot in the head and dumped at this location, which was a few blocks from his home.

5. John J. McCullough - On December 16, 1980, John J. McCullough, President of Local Union 30 of the Roofers Union, was murdered in his residence by Willard E. Moran, who posed as a delivery man for a florist. McCullough was a very close associate of Angelo Bruno and was a powerful influence in the Philadelphia area labor scene. Local 30 has been identified as one of the most violent prone labor unions in the Philadelphia area. Moran

was convicted of the murder of John McCullough and was sentened to death on July 1, 1982. Since that time Moran has been cooperating with law enforcement authorities and has furnished information to the Philadelphia Police Department and the FBI that he was hired to kill McCullough on the orders of LCN member Ignazio Raymond Anthony Martorano, aka "Long John" and Albert Daidone, Vice President of Local 54 of the Hotel, Restaurant, Employees Union in Atlantic City, New Jersey.

*6. Philip Charles Testa - On the morning of March 15, 1981, the new boss of the Philadelphia LCN family, Philip Charles Testa, was murdered by a powerful bomb blast as he attempted to enter the front door of his residence. Testa had a large amount of cash along with gambling and loanshark records on his person at the time of his death. The bomb was detonated by a remote control device and the force of the blast literately blew in the front of Testa's house and damaged neighboring homes. No one else was injured in this blast.

7. Harry Peetros - On May 25, 1981, the body of Harry Peetros was found in the trunk of his automobile in East Lansdowne, Pennsylvania. Peetros was a known loanshark who had close associations with Harry Riccobene and his brother, Mario Riccobene. Barry Saltzberg was convicted of conspiring to murder Peetros and robbery but was acquitted of the murder charge.

8. Chelsais Booras - On May 27, 1981, Chelsais Booras, aka Steve Booras, was shot down and murdered in a Greek restaurant in South Philadelphia. Also killed at the same time was a woman associate of Booras, Jeanette Curro. Booras was to have dinner at this restaurant and was in the company of Raymond Martorano and Gerald (Jerry) Blavat. The gunman burst into the restaurant and shot Booras and it is believed that Jeanette Curro was shot accidentally. Neil Ferber was arrested and convicted of both of these murders and received a double death sentence.

9. John J. Calabrese - On October 6, 1981, John J. Calabrese was shot and murdered on the street after leaving Cous' Little Italy Resturant with two companions. Calabrese is a well known organized crime associate, who had a prior record of 38 arrests for charges such as gambling, assault and loansharking. At the time of his murder he was under indictment on federal charges of planning the murder of two Philadelphia area gamblers whose bodies were found buried in upstate Pennsylvania.

*10. Frank Thomas Narducci - On January 7, 1982, Frank Thomas Narducci a former capodecina in the Angelo Bruno family was murdered a few feet from his residence at about 5:45 p.m. Narducci was shot approximately one half hour after he had left the U. S. Courthouse where efforts were being made to select a jury to try Narducci, Joseph Ciancaglini, Harry Riccobene, Pasquale Spirito, and others on RICO, loansharking and gambling charges. Narducci was observed by FBI agents leaving the courtroom at approximately 5:10 p.m. in the company of Ciancaglini. Both had gotten on the same elevator but Ciancaglini got off the elevator and ran to a telephone bank where he made a telephone call. Within a half hour Narducci was murderd by two unknown assailants as he got out of his car near his house.

11. Pietro Inzerillo - On January 15, 1982, the body of Pietro Inzerillo was found in the trunk of an automobile in Mt. Laurel, New Jersey. The automobile was registered to Erasmo Gambino, who is one of the Gambino family members, who resides in the South New Jersey area. The Gambinos have been operating pizza shops and restaurants in South Jersey since the early 1970s with the approval of Angelo Bruno.

12. Vincent Panetta - On February 4, 1982, Vincent Panetta, aka Tippy, was found murdered in his suburban Philadelphia apartment with his girlfriend. Panetta was a convicted loanshark who worked for LCN member Frank Sindone.

*13. Dominick DeVito - On February 26, 1982, DeVito's body was found in the trunk of a friend's car at 9th and Bainbridge Streets, DeVito, a companion of Frank Narducci, was selling his Pushcart Bar to Evelyn Martorano. DeVito was considered by others as Bruno's informer.

14. Rocco Marinucci - On March 15, 1982, the body of Rocco Marinucci was found in plastic trash bags on a South Philadelphia street. Marinucci, who served as a chauffeur for LCN member Peter Casella, has been identified as the individual who built the bomb that was used to murder Philip Charles Testa on March 15, 1981. Marinucci had been beatened and shot and there were six large cherry bomb firecrackers shoved down his throat and his mouth. The fuse had been lit but did not set off the firecrackers. There is little doubt among law enforcement authorities that Marinucci was killed in retaliation for the bombing death of Testa. As a symbol, it is noted that Marinucci was murdered one year to the day that Testa was killed and the time of death would almost approximate the exact time the time bomb detonated and killed Testa.

*15. Frank John Monte - On May 13, 1982, Frank John Monte was shot down and murdered as he approached his car in a gas station a few blocks away from his home. Under Philip Testa, Monte was given the position of acting consiglieri but after Testa's death, he refused the invitation of Scarfo to relinquish his position.

Of the above listed murders of the nine LCN members, the only one solved to date has been the murder of Philip Charles Testa. A special task force of police officers from the Philadelphia Police Department and agent of the FBI arrested one, Theodore Joseph DePretoro on June 10, 1982, and he admitted placing the bomb on Testa's porch at the direction of Marinucci. The bomb was detonated by remote control from Marinucci's van.

On January 27, 1983, the body of Robert Hornickel, a 30-year old white male, was found in the trunk of his automobile at 6th and Bainbridge Streets, Philadelphia. Hornickel is known to have had business dealings with members of the Gambino LCN family and it is believed that he was murdered because of a drug involvement. Hornickel was engaged in the construction business and resided in Maple Shade, New Jersey. The case is currently under investigation.

As a further example of the turmoil within the Philadelphia family of LCN, the following shootings are noted:

On June 8, 1982, Harry Riccobene was shot and seriously wounded while making a telephone call from a public telephone booth about two blocks from his residence. Riccobene claimed that he took a weapon from his assailant but was unable to identify him. Riccobene and five other associates were convicted of RICO, loansharking and gambling charges in federal court on May 7, 1982. He and his convicted associates were sentenced on June 25, 1982.

On July 31, 1982, at approximately 5:30 p.m., Salvatore Testa, son of murdered LCN boss Philip Testa, was shot and seriously wounded at the corner of 9th and Christian Streets in Philadelphia. Testa was shot, while sitting on a chair in the company of about six of his young "turk" associates, by Victor DeLuca and Joseph Pedulla, who are known close associates of Harry Riccobene. Incredibly, this shooting took place while Pedulla and DeLuca were seated in an automobile, which was directly in front of a Philadelphia Police squad car operated by Officer Irvin Nunes, who witnessed the entire incident. After about a five mile chase through the narrow streets of South Philadelphia which reached speeds of between 90 and 120 miles per hour, Officer Nunes and the Philadelphia Police Department arrested DeLuca and Pedulla. They were charged with the shooting of Salvatore Testa.

On January 10, 1983, DeLuca and Pedulla were convicted of the assault on Salvatore Testa. Salvatore Testa did not testify at this trial.

On August 21, 1982, while Harry Riccobene was seated alone in an automobile in South Philadelphia, an unknown individual wearing a jogging suit jogged up to the side of his car and emptied a revolver point blank. All shots missed Harry Riccobene. When interviewed by the police, Riccobene could furnish no information.

The following information is set forth to show the changes in the leadership of the Philadelphia family of LCN between January 1, 1980 and January 1, 1983:

Structure As Of January 1, 1980:

1. Angelo Bruno - Boss
2. Philip Charles Testa - Underboss
3. Antonio Rocco Caponigro - Consiglieri
4. John Anthony Cappelo - Capodecina
5. Charles Ignazio Costello - Capodecina
6. Santo Idone - Capodecina
7. Alfred J. Iezzi - Capodecina
8. Joseph Lanciano - Capodecina
9. Frank Thomas Narducci - Capodecina
10. Nicholas Piccolo - Capodecina
11. Joseph Scafidi - Capodecina
12. John James Simone - Capodecina

As of January 1, 1980, there were 43 members of the Philadelphia family identified.

After the murder of Angelo Bruno, and the other members who were deemed to be close to him, Philip Testa took over as boss of the family. He appointed Peter Casella as the underboss and the consiglieri role was shared by Frank Monte and Frank Narducci. Scarfo was elevated to the position of capodecina. Testa "opened the books" of the Philadelphia family and admitted several new young members which included his son Salvatore A. Testa and Frank J. Narducci, the son of Frank Narducci.

After the death of Philip Testa on March 15, 1981, Nicodemo Dominic Scarfo became the new boss of the Philadelphia LCN family. He appointed his cousin, Salvatore Merlino, aka Chuck, aka Sonny, to be his underboss. He appointed his uncle, Nicholas Piccolo to be the consiglieri. The capodecina positions are not generally known, but it has been established that the following individuals exert a great deal of powerful influence in the Scarfo family affairs:

Joseph Ciancaglini
Ralph Napoli
Joseph Lanciano
Peter Casella
Harry Riccobene

Since January 1, 1980, we have been able to identify additional members which brings the total now at 53 made members.

It would be a gross error to assume that the Philadelphia LCN family will disappear because of the above nine listed murders. It is a known fact that when an LCN member is murdered, he is murdered at the direct authority of those in his family and therefore, there will always be others hoping to make the grade and be inducted into the LCN. As long as there is money to be made in the area, the LCN family will never disappear.

Salvatore A. Testa has been described as a "hot headed individual." He has surrounded himself with many young men who are in their mid-20s and who are strongly suspected of being members of the LCN. Some of these individuals are:

Anthony Pungitore, Jr.
Joseph Pungitore (Brother of Anthony Pungitore)
Wayne Grande (Son of John Grande, a member of the Philadelphia LCN)
Eugene Milano
Virgil Mariutti (Mariutti is the former manager of Testa's restaurant, Virgilio's, #5 Bank Street, Philadelphia, Pennsylvania)
Michael Iaconelli, aka Mike the Animal
Gray Iaconelli (Brother of Michael Iaconelli)

Salvatore Testa enjoys an apparent close relationship to the current boss, Nicodemo Scarfo.

It is important to note that during the split in the Bruno family during the mid 1970s, some members stayed with Bruno while other members went with Philip Testa's group. Both sides sustained casualties and the survivors appeared to be Joseph Ciancaglini, Salvatore Merlino and Larry Merlino, aka Yogi. At the beginning these three individuals sided with Angelo Bruno, John Simone and Frank Sindone. Somewhere along the line they thought it wise to change their allegiance.

After the murder of Caponigro, Frank Sindone went undercover and did not even surface to attend his good friend Ciancaglini's wedding. Information was developed that it was Ciancaglini who convinced Sindone to come out of hiding, which event lead to his death.

On June 22, 1982, Nicodemo Dominic Scarfo appeared before this Subcommittee during its investigation of the organized crime influence and infiltration into Local 54 of the Hotel, Restaurant, Employees Union in Atlantic City, New Jersey. It is recalled that Scarfo, on the advise of his attorney, Robert F. Simone and Harold Garber, declined to answer a majority of questions before the Subcommittee.

On August 17, 1982, in U. S. District Court, Camden, New Jersey, Scarfo's bail was revoked on a prior conviction for possession of firearms by a convicted felon. Scarfo was immediately remanded to prison for a period of two years and is presently incarcerated at the Federal Correctional Institute, LaTuna, Texas. Although Scarfo is incarcerated, he still maintains control of the Philadelphia family of LCN through Salvatore Merlino, Philip Leonetti, Larry Merlino and Nicholas Piccolo, who are blood relatives of Scarfo. The Merlino brothers are cousins; Leonetti is a nephew; and, Piccolo is his uncle. Scarfo also maintains a "father like closeness" to Salvatore A. Testa, who is the son of the previous boss, Philip Charles Testa.

Since the murder of Angelo Bruno, the Philadelphia family of LCN has gotten stronger; larger and obviously more violent. Under Angelo Bruno the family operated on a "low key-low profile basis." Under Scarfo, who has added a large amount of younger members to the family, the family is operated on a "go for it," - high profile basis. The older members of the family have little or no say in the general operation of the Philadelphia family.

The Philadelphia family covers territory in the Southeastern corner of Pennsylvania, all of South Jersey and part of Northcentral Jersey. Set out on the next page is a list of the members of the Philadelphia family of LCN now headed by Nicodemo Dominic Scarfo, as of January 1, 1983:

SOUTHEASTERN PENNSYLVANIA (PHILADELPHIA AREA) LCN FAMILY (THE BRUNO FAMILY)

BOSS

Nicodemo Dominic Scarfo
Atlantic City, NJ

UNDER BOSS

Salvatore Merlino
Philadelphia/Margate, NJ

CONSIGLIERE

Nicholas Piccolo
Turnersville, NJ

CAPOREGIME

Joseph Ciancaglini
Philadelphia, Pa.

Alfred J. Iezzi
Philadelphia, Pa

Ralph Napoli
Trenton, NJ

Joseph Lanciano
Philadelphia, Pa.

Peter Casella
Philadelphia

Harry Riccobene
Philadelphia,Pa.

Santo Idone
St. Petersburg, Fla/Chester, Pa

SOLDATE-SOLDIERS

Edward C. Caminiti
Baltimore, Md.

John A. Cappello
Philadelphia, Pa.

Charles I. Costello
Trenton, NJ/Miami, Fla.

Joseph J. Costello
Trenton, NJ

Thomas Del Giorno
Philadelphia, Pa.

Anthony Della Iacona
Birmingham Twp., Pa.

Dominico DiNorsia
Union, NJ

Alfred G. Felice
Miami, Fla.

Frank J. Ricci
Ridley Park, Pa.

Rocco Scafidi
Maple Shade, NJ

Nicholas Virgilio
Atlantic City, NJ

John Girgenti
Camden, NJ

Joseph Girgenti
Camden, NJ

John Grande
Philadelphia, Pa.

Francis Iannarella, Jr.
Philadelphia, Pa.

Carl Ippolito
Trenton, NJ

Philip Leonetti
Atlantic City, NJ

Dominick Le Pore
Philadelphia, Pa.

Peter J. Maggio
Philadelphia, Pa.

Santo M. Romeo
Philadelphia, Pa.

Pasquale A. Spirito
Philadelphia/Trenton

Alphonse J. Marconi
Philadelphia, Pa.

Guerino Marconi
Philadelphia, Pa.

Pasquale A. Martirano
Westfield, NJ

Raymond Martorano
Cherry Hill, NJ

Lawrence Merlino
Philadelphia, Pa.

Frank Narducci, Jr.
Philadelphia, Pa.

Ralph Natale
Cherry Hill, NJ

Frank Nicoletti
Philadelphia, Pa.

Domenic Rugnetta
Philadelphia, Pa.

Salvatore A. Testa
Philadelphia, Pa.

Frank Palermo
Philadelphia, Pa.

Salvatore Passalaqua
Voorhees, NJ

Anthony F. Piccolo
Philadelphia, Pa.

Joseph Piccolo
Philadelphia, Pa.

Michael Piccolo
Philadelphia, Pa.

Antonio D. Pollina
Philadelphia, Pa.

Albert Pontani
Trenton, NJ

Joseph Pungitore
Philadelphia, Pa.

Joseph Scafidi
Bridgeton, NJ

Anthony A. Verniero
Belleville, NJ

Frank C. Zirpoli
Broomall, Pa.

II. The Bufalino Family

In 1880, Stefano LaTorre came to the United States from his native Montedoro, Sicily, and settled in the Pittston, Pennsylvania area. LaTorre was followed shortly thereafter by his close friend Santo Volpe, Sr. Together they formed the first known Sicilian Mafia family in the United States and called themselves, "the Men of Montedoro." "The Men of Montedoro" began as coal miners and gradually became owners of coal companies and took over the United Mine Workers Union on the Northeast Pennsylvania coal regions. Sometime during the 1930's Santo Volpe, Sr. was succeeded as the family boss by John Sciandra. Sciandra was later replaced by Joseph M. Barbara, Sr. who was a convicted bootlegger and suspected hitman in Scranton, Pennsylvania area.

On November 14, 1957, Barbara hosted a large meeting of La Cosa Nostra leaders at his farm in Apalachin, New York. Russell Bufalino was one of those present at the Apalachin meeting. Bufalino later succeeded Barbara and has been the boss of the Bufalino family since 1959.

Bufalino claims to have been born on October 29, 1903, at Pittston, Pennsylvania, but investigation by several law enforcement agencies has determined that Bufalino was actually born in Montedoro, Sicily. Since the early 1950s efforts have been made by the Immigration and Naturalization Service (INS) to deport Bufalino to his native Sicily. All efforts to deport Bufalino have been negative to date.

On August 8, 1978, Bufalino was convicted in U. S. District Court, Southern District of New York, on charges of extortion against Jack Napoli. Bufalino was sentenced to four years in prison. Bufalino was released on May of 1981 but was again indicted in U. S. District Court, Southern District of New York, in May of 1981. He was charged with conspiring to violate the civil rights of Jack Napoli and trying to influence a government witness (Napoli). Also indicted with Bufalino was Mike Rizzatello, a Los Angeles LCN underboss. Bufalino was convicted in October of 1981 but Rizzatello was acquitted. In November of 1981, Bufalino was sentenced to 10 years in prison and he is currently incarcerated at the U. S. Penitentiary, Leavenworth, Kansas.

Although Bufalino is in prison, he and his underboss, Edward Sciandra continue to operate the family from a power base cemented by years of stability within the family. Any transfer of power within the Bufalino family is expected to be orderly.

Edward Sciandra, who is 70 years of age, was sentenced to an 18-month prison term for federal income tax evasion. Sciandra was convicted in U.S. District Court, Southern District of New York, in November of 1981 and began his prison sentence in March of 1982. He was released in December 1982.

In the event that Bufalino does not obtain a release from prison before the expiration of his sentence, it is expected that a new leader will take over the Bufalino family.

The territory covered by the Bufalino family includes all of Northeast Pennsylvania; the Southeastern part of the State of New York including Utica, Binghamton, Syracuse and Albany; North New Jersey and New York City. In addition, the Bufalino family has business interests in Southern Florida and Ontario, Canada, through association with LCN Boss John Todaro.

On November 21, 1982, Bufalino was subpoenaed to appear before a public hearing of the Pennsylvania Crime Commission in Scranton, Pennsylvania. Bufalino was evasive in his answers, particularly concerning his knowledge of the existence of the Mafia and/or La Cosa Nostra. Bufalino denied any knowledge that such an organization existed. Bufalino's testimony is being reviewed by the Crime Commission in an effort to determine if he perjured himself at this hearing. Bufalino's bodyguard, William D'Elia and his nephew, Angelo Bufalino, both members of the Bufalino family, were present at the hearing but were denied access to Bufalino. Bufalino still maintains his residence at 304 Dorrance Street, Kingston, Pennsylvania. Bufalino appeared to be in excellent health at the time of the hearings.

Prior to being incarcerated, Bufalino spent a great deal of time at his restaurant, Vesuvio's in New York City. It was at this restaurant that Bufalino held most of his important business meetings.

Set out on the next page is a listing of the members of the Bufalino family of LCN as of January 1, 1983.

NORTHEASTERN PENNSYLVANIA (SCRANTON AREA) LCN FAMILY
THE BUFALINO FAMILY

BOSS

Russell A. Bufalino
Kingston, Pa.

UNDER BOSS

Edward Sciandra
Bellmore, NY

CONSIGLIERE

Remo Allio
Edwell, NY

CAPOREGIME

Philip T. Medico
W. Pittston, Pa.

Anthony F. "Guv" Guarnieri
Endicott, NY - Stuart, Fla.

James "Dave" Osticco
Pittston, Pa.

Joseph Falcone
Utica, NY

SOLDATE-SOLDIERS

Dominic Alaimo
Pittston, Pa.

Salvatore Aleccia
Endwell, NY

Angelo Bufalino
Pittston, Pa.

Frank Cannone
New York City, NY

Joseph Costanzo
Philadelphia, Pa.

William D'Elia
Hughestown, Pa.

Anthony DeStefano
Fulton, NY

Charles D. Fratello
Brooklyn, NY

Casper Guimento
Dunmore, Pa.

Michael Insalaco
Easton, Pa.

Aldo Magnelli
Harrisburg, Pa.

Louis Marconi
Endville, NY

William Meringola
Geneva, NY

Anthony J. Mosco
Endicott, NY

Angelo Parrino
Pittston, Pa.

Augustine Riolo
Vestal, NY

Samuel Rotella
Endwell, NY

Anthony Santacrose, Jr.
Endicott, NY

Joseph M. Saraceno
W. Pittston, Pa.

Albert Scalleat
Hazelton, Pa.

Joseph Scalleat
Hazelton, Pa.

Charles G. Schifano
Pittston, Pa.

Angelo Sciandra
Pittston, Pa.

Samuel DeBella
Pittston, Pa.

Steven Latorre
Jenkins Twp., Pa.

III. The LaRocca Family

Sebastian John LaRocca, aka John Sebastian LaRocca, was born in Sicily on December 19, 1901.

LaRocca has been the boss of the Pittsburgh family of LCN since 1956 by succeeding Frank Amato, Sr., who had voluntarily stepped down because of illness. LaRocca was also identified as being present at the notorious Apalachin, New York, Mafia meeting on November 14, 1957.

LaRocca maintains a Pittsburgh residence at 900 West Ingomar Road but he spends the winter months in Florida with his associates.

The territory of the Pittsburgh family of LCN includes all of Western Pennsylvania; the Southwest part of the State of New York; West Virginia; and, the Eastern part of Ohio. The LCN family in Cleveland, Ohio, which is operated by James Licavoli, aka "Jack White," has been involved in a gang war which has taken at least eight lives over the past four years. During the summer of 1982, Licavoli, his consiglieri John Calandra, his capo Anthony Liberatore, and three other close associates were convicted of RICO gambling, murder and conspiracy charges in U. S. District Court, Cleveland, Ohio. They were sentenced on July 20, 1982. Licavoli was sentenced to 17 years; Calandra was sentenced to 14 years; and Liberatore was sentenced to 14 years to run concurrently with a 12 year sentence imposed in 1980 for bribery of an FBI clerk.

In the interim, there has been an ongoing war between the Sicilian and Calabrese factions of the LCN in the area. James Tripodi, a former capo in the LaRocca family, is now in control of Steubenville, Ohio, and is assisted by former LaRocca family member Cosmo Quattrone. It appears that a serious effort to take over control of the Cleveland, Ohio family has been made by the LaRocca family. In addition to Tripodi and Quattrone, Joseph Naples of Youngstown, Ohio, and James Prato of Boardman, Ohio, are believed to be assisting the John LaRocca family in its efforts to take over Cleveland, Ohio.

The main opposition to the LaRocca family was lead by Ronald Carabbia, aka "Ronnie the Crab," who controlled the Warren, Ohio area for the Licavoli family. Carabbia became a made member of the Licavoli family in about 1977 as a reward for killing Danny Greene, a Cleveland, Ohio rackets figure who was a competitor of Licavoli. Carabbia was convicted and sent to prison in 1978 for the murder of Danny Greene. He was also convicted in the 1982 trial of

Licavoli and was sentenced to 12 years incarceration to run concurrently with his life sentence imposed by Ohio.

Since 1978, the gang war in Eastern Ohio has resulted in the deaths of the following persons:

1. Charles Grisham - Killed in 1978; an associate of Joey Naples.
2. James Cononico, aka "Peepos" - An associate of Naples; murdered 1/11/79.
3. Robert Furey - Murdered on 4/12/79; an employee of Naples Music Company.
4. Jack Tobin - Murdered on 7/25/79; a gambling associate of Naples.
5. John Magda - murdered on 1/6/80; an associate of Naples.
6. Robert DeCerbo - Murdered on 2/13/80; an associate of Ronald Carabbia.
7. Dominic Senzarino, aka "Junior" - Murdered on 10/2/80; a cousin of Carabbia.
8. Joseph Derose, Sr. - Murdered on 2/24/81; father of Joseph DeRose, Jr., a hitman for Carabbia. It is believed he was killed by being mistaken for his son.
9. Joseph DeRose, Jr. - Disappeared on 4/17/81. His unoccupied car was found burning in Peninsula, Ohio. Since August of 1980, DeRose resided in the North Hills section of Pittsburgh under the alias Joseph Packard.

Charles Carabbia, the brother of Ronald Carabbia, disappeared on December 13, 1980, and has not been heard from since that time. A third brother, Orlando Carabbia has taken over control of Licavoli's interests in Youngstown, Ohio, while his brother remains incarcerated.

Set forth on the next page is a list of the LCN members of the LaRocca family in Southwestern Pennsylvania, as of January 1, 1983.

SOUTHWESTERN PENNSYLVANIA (PITTSBURGH AREA) LCN FAMILY
THE LAROCCA FAMILY

BOSS

Sebastian John LaRocca
Pittsburgh, Pa.

UNDER BOSS

Joseph "JoJo" Pecora
Chester, W.Va.

CONSIGLIERE

Michael Genovese
Gibsonia, Pa.

CAPOREGIME

John Bazzano, Jr.
McMurray, Pa.

Antonio Ripepi
Pittsburg, Pa.

Joseph Regino
Johnstown, Pa.

Michael Genovese
Gibsonia, Pa.

SOLDATE-SOLDIERS

Frank D. Amato
E. McKeesport, Pa.

Louis Volpe
E. McKeesport, Pa.

Thomas Ciancutti
Arnold, Pa.

Joseph Sica
Penn Hills, Pa.

John M. Verilla
Altoona, Pa.

Samuel J. Fashionatta
Altoona, Pa.

John C. Fontana
Murraysville, Pa.

Micahel J. Trafficante
Altoona, Pa.

IV. Connections Between LCN Families

The three LCN families headquartered in the Commonwealth of Pennsylvania have frequent contact with other LCN families throughout the United States. The one single place where this contact is quite evident is in Atlantic City, New Jersey, which has been declared an "open city" in the same fashion as Las Vegas, Nevada and Miami, Florida. Members of the Bufalino and Scarfo families are in frequent contact with members from the five New York Mafia families (Gambino, Genovese, Bonanno, Colombo and Luchese). The LaRocca family maintains these contacts, but on a lesser scale than the Bufalino and Scarfo families.

Prior to the enactment of casino gambling in Atlantic City, it was a dying city and no one particularly cared whether Angelo Bruno controlled it or not. Since casino gambling came into existence, all of the LCN families along the East Coast wanted a "piece of the action." Information has been developed that Angelo Bruno did not wish to share Atlantic City with any family, except possibly the Gambino family, with whom he was very friendly.

The Bufalino family and the LaRocca family have frequent contacts with members of the Magaddino family of Buffalo, New York as well as the James Licavoli family of Cleveland, Ohio. All three Pennsylvania families have connections in California in view of the fact that Angelo Marino was a member of the Pittsburgh family when he moved to California about 25 years ago. The son of Angelo Marino married the sister of Peter J. Maggio, who is the brother-in-law of Angelo Bruno. The Marino family, like the Peter J. Maggio family, operate a large Italian cheese business in San Jose, California. Bufalino maintains connections with the Los Angeles, California family through the underboss, Michael Rizzatello, who was a co-defendant with Bufalino in his federal trial in New York City in 1981. Rizzatello was acquitted and Bufalino was convicted and sentenced to prison. According to protected federal witness James Frattiano, Bufalino hired Rizzatello to murder Jack Napoli, who had testified in a previous case against Bufalino in New York City.

During April of 1976, Russell Bufalino was called to a conference with Angelo Bruno in Philadelphia. The conference concerned Bufalino's hiring Frank Sheeran to put out a contract on labor union organizer Francis Robert Marino, aka "Big Bobby." Marino was murdered by Charles Allen in February of 1976 and Allen was marked for death until it was learned that Bufalino had authorized the hit on Marino. Bufalino came to Philadelphia and met with Bruno at the bar owned by Alfred Iezzi, a capo in the Bruno family.

All three Pennsylvania families have connections with Canada through Joseph Todaro and the Cotroni family in Montreal, Canada.

Raymond Martorano, aka "Long John," a member of the Philadelphia family of LCN, is currently serving 10 years in prison for masterminding the importation into the United States of over five hundred million dollars in the chemical P2P, which is used to manufacture methamphetamine. During this investigation it was established that Martorano made contact with members of the LCN in both Ontario and Toronto, Canada.

In the early 1960s Angelo Bruno, Carlo Gambino and Peter J. Maggio formed the G & M Realty Company. Through this company they purchased a large section of land in Broward County, Florida, which was later developed into apartments and a shopping center. During the investigation of the Angelo Bruno family in 1976, FBI wiretaps uncovered information from Sindone that this parcel of land was worth in excess of five million dollars.

There have been many documented instances of cooperation and/or meetings between various members of the LCN families throughout the United States. Those set out above are merely a few.

V. Illegal Activities

1. Crimes of Violence

Ever since organized crime groups "began" selling protection, violence has been a way of life in the LCN. This was revealed in numerous gang wars which erupted during the prohibition era in the United States prior to 1930. Within the LCN in the United States there has always been a constant feeling of distrust between the Italians who came from the mainland (Camorra) and the Italians who came from Sicily (Mafia). Between 1930 and 1932 a vicious gang war erupted between these two factions, led by Salvatore Maranzano and Joseph Masseria. The war was known as the "Castellamarese War." The war ended with the groups agreeing to form a commission to handle all of the disputes within the various families concerning territories and wealth. Even after the forming of the LCN commission, violence still continued throughout the United States.

Murders within the LCN, commonly referred to as "contracts" and/or "hits," are handed out at the request of the commission and/or the boss of a particular family, against a member or associate who violates the code.

In July of 1981 James Frattiano testified before a public hearing on the Pennsylvania Crime Commission and was asked about the theory regarding the killings within the Philadelphia family. Frattiano replied that all of these murders were ordered and performed by members of the Angelo Bruno family. He stated that rarely does an LCN family hire an assassin outside of its own family.

A recent case in Philadelphia, which points out the types of violence administered by organized crime members, would be the November 1982 extortion/conviction trial of organized crime associates Anthony DiPasquale, aka "Mad Dog"; his brother, James DiPasquale; Peter J. Serubo; and four others. They were all convicted in federal court of extortion and collection of unlawful debts by extortionate means. There were three victims in this case, one of whom was convicted drug dealer, Michael Cosmo. Because Cosmo was slow in repaying a debt to Serubo, DiPasquale and the others held him captive in the basement of a suburban home, where they constantly beat and tortured him until relatives agreed to raise the money to repay the debt. Another victim was lured to an automobile body shop where he was savagely beatened with crowbars and whiskey bottles. When he awakened, he was nude and hanging by his feet in an upside down position from a engine hoist chain. DiPasquale and his associates used this man as a punching bag and viciously beat him. The debt was later paid by a relative. These are just some of the vicious tactics used by organized crime figures and their associates in order to obtain their goals.

As for another example of brutality within the LCN and organized crime, one only has to recall the brutal death of Antonio Rocco Caponigro on April 17, 1980 which we previously described.

2. Bribery and Corruption

Organized crime figures would not hesitate to engage in bribery in an effort to protect their illegal activity. There are many examples of this, one of which is as follows:

During 1979 and 1980 two officers of the Philadelphia Police Department Organized Crime Unit, Jack Woodman and James Stinsman, working in conjunction with the FBI and Philadelphia Strike Force, posed as crooked police officers in a South Philadelphia district where Frank Narducci maintained a large scale gambling operation. After being introduced to Narducci and his number one assistant Anthony Charles Rosano by a corrupt police officer, these officers began "accepting bribes" from Rosano and Narducci to allow the illegal gambling activity to continue. Officers Stinsman and Woodman wore body recorders on these occasions and turned in all of the money to the FBI. This operation resulted in the arrests and conviction of Rosano and Narducci and the corrupt policeman for bribery and gambling charges in federal court. Narducci was murdered before he could be sentenced on this conviction. Although in this case the officers accepting the bribes were undercover, the ease by which they became "corrupt" and the amounts of the bribes exemplify the extent of and the attitude toward corruption by organized crime figures.

3. Gambling and Loansharking

Gambling and loansharking still rank as the number one "money maker" for La Cosa Nostra and organized crime figures. The legalization of some forms of gambling by the various states, such as Pennsylvania, New Jersey and New York, has done little to restrict the profits of the illegal gambling activity. If anything, it has strengthened it in view of the fact that many gamblers, in addition to taking their daily three digit number figure from race track results, also utilize the various state lotteries for this number.

Gambling and loansharking go hand in hand; and where you usually have one you are bound to have the other. In March of 1976, FBI wiretaps recorded conversations between Philip Testa, Frank Narducci, Frank Sindone and Carl Ippolito concerning their gambling enterprise in the Pennsylvania and New Jersey areas. In addition to their regular three digit number, they discussed at length the operation of their various crap games throughout the area. Testa and Ippolito indicated that large amounts of money were kept at these games for the purpose of lending money immediately to the players, at the usual six dollar for each five dollars borrowed rate (six for five).

This investigation was referred to by the code name "Gangplank" in which the U. S. Department of Justice Strike Force in Philadelphia, headed by Joel M. Freidman, obtained a successful prosecution of six of the remaining subjects indicted. This investigation listed the LCN family of Angelo Bruno as the "enterprise" which was the vehicle used to conduct the illegal gambling and loansharking business. Angelo Bruno, John Simone and Frank Sindone were murdered before the indictment was returned. After the indictment was handed down in February of 1981, Philip Testa and Frank Narducci were murdered during the efforts to select the jury at the initial trial date. On May 7, 1982, Harry Riccobene, Joseph Ciancaglini, Pasquale Spirito (members of the Philadephia family of LCN), Joseph Bongiovanni, Mario Riccobene and Charles Warrington were convicted. All were sentenced to prison terms from two and one half to ten years on June 25, 1982.

4. Narcotics

During the time that Angelo Bruno was the boss of the Philadelphia family of LCN, it was publicized that Angelo Bruno did not want any of the members of his family dealing in narcotics. However, several members of his family were convicted of narcotics offenses, namely Harry Riccobene, Peter Casella and Raymond Martorano.

The sale of narcotics by members of the LCN and their organized crime associates is a very lucrative business, which ranks a close second to gambling and loansharking. The Gambino family has always been active in dealing in narcotics. Since the early 1970s, Angelo Bruno met on many occasions with Castellano, the current boss of the Gambino family in New York. Giovanni (John) Gambino, Giuseppe (Joseph) Gambino and Rosario Gambino, nephews of deceased LCN Boss Carl Gambino, settled in the Delran, New Jersey area in the early 1970s with the blessing of Angelo Bruno. At first the Gambino's operated Valentino's Restaurant in Cherry Hill, New Jersey, and later began opening a string of pizza shops throughout South Jersey, Eastern Pennsylvania, Delaware and Maryland. In addition to using these pizza shops to "launder money," the Gambinos were suspected of using these profits to purchase and distribute narcotics.

During March of 1980, approximately two days before Angelo Bruno was murdered, Giuseppe Gambino and Rosario Gambino were arrested in connection with efforts to import approximately one million dollars of heroin into the United States from Milan, Italy. A Gambino associate, Dominic Adamita and his brother were arrested in Milan in possession of the heroin. Joseph Gambino and Rosario Gambino were acquitted of these charges.

Prior to his death on April 17, 1980, Antonio Caponigro was being investigated by the Drug Enforcement Administration in connection with his involvement in narcotics.

On January 13, 1982, thirty-eight organized crime figures from the East Coast of the United States were indicted by a federal grand jury in Philadelphia, Pennsylvania, in a case entitled "Limestone." This investigation was performed by a combined task force of FBI, Philadelphia Police Department and DEA agents. The principal subjects in one indictment were Raymond Anthony Martorano, a member of the Philadelphia LCN, Frank J. Vadino, Vice President of Local 54, Hotel Employees, Restaurant Employees Local Union, Atlantic City, New Jersey, and John Carlyle Berkery, a long time LCN associate. This investigation revealed that Martorano and his associates had imported in excess of five hundred million dollars of the chemical P2P into the United States from various foreign countries. Martorano had made contacts with LCN members in Canada, namely Paul Volpe, Joseph Todaro and members of the Cotroni family. The investigation was set up through the use of a protected government witness, Ronald Raiton, a convicted drug dealer.

On June 30, 1982, Martorano was sentenced to prison for ten years and was immediately placed in custody by Federal Judge Norma Shapiro. Frank Vadino received a sentence of five years but is currently free on bail. Berkery is still a federal fugitive.

In 1978, LCN member Ralph Natale, former Vice President of Local Union 54, Atlantic City, New Jersey, was convicted in an arson for profit scheme and sentenced to twelve years in prison. While out on bail pending his appeal, Natale was arrested in Miami, Florida with several individuals aboard a boat called the "Danny Boy III" by agents of the Drug Enforcement Administration. He was charged with the importation and sale of cocaine and other drugs. Natale and his associates were "set up" on the information of protected government witness Charles Allen. Also arrested with Natale was Frank J. Vadino. In July of 1980, Natale received an additional fifteen year prison sentence while Vadino remains free on bail.

Since the death of Angelo Bruno, members of the Philadelphia family of LCN have invested in the manufacture and sale of "speed" (methamphetamine). Many methamphetamine laboratories have been set up in the Pocono Mountain regions of Pennsylvania by individuals closely aligned to Raymond Martorano and his associates. Part of the principal operation has been run by Earl Stocker and his brother, Harry Stocker.

In addition to the traditional LCN family involvement in narcotics, it is known that the Pagan motorcycle gang, the Warlocks motorcycle gang and other motorcycle gangs have long been involved in the manufacture, sale and distribution of narcotics. Information has been developed that members of the Pagan motorcycle gang have been financed, in part, in their illegal narcotics business by Harry Riccobene, a member of the Philadelphia family of LCN. One of Riccobene's main contacts is James DeGregorio, a member of the Pagan gang residing in Philadelphia.

Another very powerful source in the drug trade, particularly heroin, is the Black Mafia, aka "The Muslims." During 1982, the combined investigation by the Philadelphia Police Department, DEA and FBI agents, the current leadership of the Black Mafia was convicted of dealing in heroin and attempts to murder a government informant. Lonnie Dawson, aka "Dawson," aka "Abdul Salim"; William Roy Hoskins, aka "Muhammed Waliyuddin; and Robert Harwick, aka "Fareed Abul Shakoor" were sentenced to record prison terms by United States District Judge Louis C. Bechtle. Each received prison terms ranging from 80 to 134 years.

The violence and tactics used by the Black Mafia is second to none in terms of its viciousness. When a government informant was allegedly identified prior to their arrest, they literally chased him up and down I-95 in a wild car chase and shoot-out in an attempt to kill him.

Regarding violence, it is well known that the Pagans and other motorcycle gangs do not take a second position to anyone. In this area, their acts of violence and mayhem have been well documented before this Subcommittee in its first day of hearings so we will not, at this time, repeat that information.

5. Laundering of Funds

Members of La Cosa Nostra and their organized crime associates always attempt to get into a business that is "strictly a cash business." The types of businesses most sought would be vending, construction, bars, restaurants, and pizza shops.

Until the day he was murdered, Angelo Bruno listed his legitimate employment as a "salesman" for John's Vending and Wholesaling Company in

Philadelphia, Pennsylvania. This firm was allegedly owned and operated by Raymond Martorano and his brothers, John Martorano and Joseph Martorano. Actually, this business was owned by Angelo Bruno and his wife, Sue Bruno, in partnership with Harry Riccobene.

John's Vending was a small business operation just prior to the passing of the casino gambling legislation in Atlantic City. Shortly after this legislation was passed, John's Vending began buying out "competition" in South Jersey and Atlantic City and in a very short period of time it became the largest vending business in the Southeast Pennsylania/New Jersey area. Investigation has shown that many of the individuals who operate "competitive" vending businesses in the Philadelphia area are actually close friends and/or business associates of Martorano and the LCN members in the area.

In the 1980 Report of the Pennsylvania Crime Commission, investigation established that many of the known members of the LaRocca family owned and operated vending machine businesses. As reported earlier, this is a "cash" business where there is little or no direct check to determine the actual amount of money and/or merchandise that goes into the machine. In addition, there is no way of knowing whether the cigarettes sold through these machines were actually purchased legitimately in Pennsylvania or were "bootlegged" from Virginia and North Carolina without Pennsylvania tax stamps.

In 1978 through 1980, the Pennsylvania Crime Commission conducted an extensive investigation concerning the ownership of the various pizza stores in the Commonwealth of Pennsylvania. Investigation established that the equipment used to set up these pizza shops was purchased from members of the Gambino family, the Bonanno family and the Columbo family in New York. All of these shops were determined to have been operated by Sicilian aliens, who were in some cases, entering the United States illegally. There were little or no accurate records kept by the managers and/or owners of these pizza shops, so therefore, it presented an excellent avenue to "launder" money to transport back to the Mafia family in New York. An extensive report regarding the pizza investigation was published by the Pennsylvania Crime Commission during January of 1980. In view of the fact that the Gambino family and other LCN families are more active in the narcotics business, it would appear that various pizza shop locations throughout the United States offer excellent "safehouses" to hide illegal immigrants; fugitives from law enforcement agencies, as well as being used to offer an individual "legitimate" employment. It is also believed that this network of pizza shops would be an excellent dropping point for various illegal goods such as narcotics, stolen jewelry, merchandise, etc.

In January, February and March of 1982, the Pennsylvania Crime Commission held public hearings concerning the ownership of bars and licenses by members of organized crime. Some of the bars mentioned at these hearings were:

Cous' Little Italy, which was formerly Piccolo's 500 Restaurant, was owned by LCN members since the mid-1950s. After Nicholas Piccolo sold his interest in his restaurant, it was allegedly purchased by Thomas DelGiorno and Frank D'Alfonso, who are close associates of the Bruno organized crime family. This is the restaurant at which Bruno and John Calabrese had their last meal. Examination of the available records of Cous' Little Italy revealed the business actually deposited more cash in the bank than it actually earned for the years 1980 and 1981. Testimony was received from the current manager that all business was "done in cash only." Cous' Little Italy is currently owned by Raymond Martorano and his wife, Evelyn Martorano.

The hearing also revealed that Domenick DeVito, a member of the Philadelphia LCN family, was the hidden owner of a bar known as "Pushcart." The "listed" owners of the bar were DeVito's girlfriend, Anne DeLuca, and his sister, Amelia Varelli. DeVito obtained a loan from LCN loanshark Frank Sindone to purchase and redecorate this bar.

In March of 1981, Evelyn Martorano, wife of Raymond Martorano, attempted to purchase the Pushcart Bar but was refused.

In March of 1982 a public hearing in Scranton, Pennsylvania revealed that Sam Graziano, a close associate of Russell Bufalino, ran a restaurant known as the "Supper Club 100" in Old Forge, Pennsylvania. This club was a hangout for Bufalino and his organized crime associates. The financing of the club was actually made through Bufalino family member William D'Elia. Investigation determined that there were many unsecured loans made to the Supper Club 100 by Joseph Roman, loan officer of the First Federal Savings and Loan Association of Pittston, Pennsylvania. Investigation of Roman by the Crime Commission developed information that Roman was making many unsecured loans to organized crime figures, to the extent that the bank would be bankrupt. This matter is currently under investigation.

It was also determined that Peter Belletieri, a convicted gambler and a nephew of LCN member Joseph Scalleat, Sr., was the hidden owner of a restaurant known as "Aunt Flabby's" in Emmaus, Pennsylvania.

There are only a few of the various bars and restaurants in which it was determined that the true ownership was in the control of a member of LCN or a close associate.

6. Labor Racketeering

The infiltration by La Cosa Nostra and other organized crime figures into the labor union movement has been firmly established for many years. Among the labor unions infiltrated by LCN and/or organized crime associates are:

Local 107, International Brotherhood of Teamsters

Local 30, Roofers Union, Philadelphia, Pennsylvania

Local 170, Hotel Employees, Restaurant Employees and Bartenders Union, Camden, New Jersey (now affiliated with Local 54)

Local 54, Hotel Employees, Restaurant Employees and Bartenders Union, Atlantic City, New Jersey

Local 326, International Brotherhood of Teamsters, Wilmington, Delware

Angelo Bruno and Harry Riccobene had influence in the affairs of local 107, IBT for many years. Joseph Cimino, the current president of Local 107, is a close associate of Harry Riccobene and LCN member Alfred Iezzi. The former president, Louis Bottone, served as president from 1979 through 1981. In the early part of 1980, Louis Bottone and Frank J. Sheeran, president of Local 326, IBT, Wilmington, Delaware, were acquitted in federal court after being indicted on RICO, murder and arson charges. They were indicted based on the information supplied by the government informant, Charles Allen. Allen had furnished information that these two individuals were directly controlled by members of the Philadelphia family of La Cosa Nostra and that Sheeran was also controlled by Russell Bufalino

Local 30, Roofer's Union, was headed for many years by its president, John J. McCullough. McCullough was murdered in his home on December 16, 1980, by Williard Moran, who had been hired as a hit man by Raymond Martorano and Albert Daidone, Vice President of Local 54. Martorano and Daidone have been indicted on murder charges and are currently awaiting trial in Philadelphia.

Prior to the death of Angelo Bruno, McCullough was considered the most powerful labor leader in the Philadelphia area. He and Angelo Bruno worked well together and were good friends. With the passing of the casino gambling legislation in Atlantic City, Atlantic City became a desirable "plum." In an effort to obtain power in the Atlantic City area, McCullough, at Bruno's direction, formed Local 40 of the Roofers Union in South Jersey, which was outside of his jurisdiction. When it became apparent that the casino security employees were being organized by other labor unions, McCullough formed a second union called Local 40-B. To operate this union he solicited two Atlantic City police officers, who were listed as officers of the new Security Personnel Union, Local 40-B.

McCullough then began to receive competition from Local Union 2 of the Security Officers Union, which was headquartered in Long Island, New York. The union president was listed as Daniel Cunningham, who was controlled by Michael "Sonny" Franzese, a New York LCN member. McCullough confronted Cunningham and his associates in Atlantic City and told them "to get the hell out of town." This incident occurred prior to the death of Angelo Bruno in the latter part of 1979. Cunningham left the Atlantic City area and for a period of time McCullough was the number one labor boss in Atlantic City, New Jersey.

After the murder of Angelo Bruno, McCullough's power began to fade as Cunningham and members of Local Union 2 returned to the Atlantic City area and began efforts to organize the casino security employees. After McCullough was murdered, Cunningham had the inside track as far as organizing the security employees at the casinos. Fortunately, Cunningham was restricted from organizing employees due to his own indictment and conviction on labor racketeering charges in federal court in the Southern District of New York in 1982.

Local Union 30 of the Roofers Union is now led by Jack Kinkaid.

Local Union 170 of the Hotel Employees, Restaurant Employees and Bartenders Union, Camden, New Jersey, was formerly run by LCN member Ralph Natale. Natale, who is currently serving a total prison sentence of 27 years concerning an arson conviction and a drug conviction, appeared before this Subcommittee in June of 1982. Local Union 170 has had a reputation for violence throughout the years. In 1970, three of its officers, Andrew

Chalako, Robert Baldino and Joseph McGreal, were convicted in federal court of extortion charges and sentenced to prison. Within two months after his release from prison in 1973, McGreal was murdered in gangland fashion in New Jersey on Christmas night. A short time later a business associate of McGreal was shot and seriously wounded by Michael Marrone, a known organized crime associate of LCN.

Since Ralph Natale's conviction and incarceration on arson and drug charges, Local 170 has been consolidated into Local Union 54 of the Hotel Employees, Restaurant Employees, and Bartenders Union, Atlantic City, New Jersey.

Local 54 was formerly headed by Frank Gerace, who has been identified by the New Jersey Division of Gaming Enforcement, as a close associate and a "puppet" for LCN boss Nicodemo Scarfo. Based on information presented to the New Jersey Casino Control Commission during June and July of 1982, Frank Gerace was disqualified to represent members of Local 54 due to his associations with members of organized crime.

Local Union 326, IBT, Wilmington, Delaware, has been run by Frank J. Sheeran since its formation in the late 1960s. Local 326 was one of many unions which were formed at the insistence of the U. S. Department of Labor who ruled that the gigantic Local 'Inion 107 should be dismembered into many smaller locals. This ruling was the result of the tremendous amount of violence being perpetrated by members of Local Union 107 during the 1950s and 1960s.

The organized crime associations and activities of Frank J. Sheeran have been well documented by Charles Allen, who became a government informant during the mid-part of 1978. Allen was used by Sheeran as a muscleman, hitman, arsonist, and for anything else related to violence. Allen and a group of associates were hired by Sheeran to "make his competitors and/or businessmen come around to his way of thinking."

Frank Sheeran has also been a longtime close associate of upstate Pennsylvania boss Russell Bufalino. During a Crime Commission hearing in November of 1982, Bufalino acknowledged knowing Sheeran for many years. Sheeran was also known to be a close associate of other high-ranking Mafia individuals, such as Anthony Provenzano of Local 560, IBT, New York, New York. Allen reported that on one occasion Sheeran took him to see Russell Bufalino, David Osticco and Philip Medico in Wilkes-Barre, Pennsylvania. The purpose of the trip was to pick up a supply of dynamite, which Sheeran wanted Allen to use to blow up a hotel in Delaware and a business in Delaware. Allen also furnished information concerning Frank Sheeran getting Russell Bufalino to come to see Angelo Bruno to save Allen's life. Allen's life was in jeopardy because he had killed Bobby Marino in February of 1976 without Bruno's permission. Bufalino came to Philadelphia in April of 1976 and straightened the matter out for Allen with Bruno.

Based on testimony and information supplied by Allen, Frank J. Sheeran and New Jersey businessman Eugene Boffa and others were convicted in federal court, Wilmington, Delaware, concerning a labor leasing scam. It was proved that Boffa and Sheeran entered into a number of labor leasing arrangements with various firms which acted to the detriment of the members of Local 326. Sheeran was sentenced to 18 years in prison and is currently free on bail.

VI. Emerging Groups

1. Motorcycle Gangs (Pagans/Warlocks)

The Pagans and the Warlocks are the two significant motorcycle gangs operating in Eastern Pennsylvania. The Warlocks are mainly a regional club, that is, their members are from the general area. The Pagans are part of a national organization which has chapters throughout the eastern half of the United States.

Each motorcycle club has a structure and all members are subjected to "strict discipline." Of the two clubs, the Pagans seem to have the highest profile in our region. The structure of a motorcycle gang is similar to the following:

Mother Club - This is the highest ruling and policy making club. It usually has fifteen to twenty members who control a certain geographical area.

President of the Mother Club controls the club with absolute authority over all members.

Vice President of the Mother Club takes over in the absence of the President.

President of Presidents is an individual also known by the name "Diamond Black." He acts as an advisor to the Mother Club Board.

A Chapter is a group of at least five members which operates in a designated area within the state.

Chapter President is an elected post within the Chapter. He controls all of the activity within a particular Chapter.

Vice President of the Chapter takes over when the Chapter President is absent.

Sergeant-at-Arms is usually referred to as "the Captain of the Road." He is responsible for keeping the members organized while travelling on the road.

Treasurer actually maintains and collects the dues from each member, usually five to twenty-five dollars per month, depending upon the Chapter.

Ronald Foster is a high-ranking figure in the Warlock gang.

The Pagan gang is the largest and the most visible in the Philadelphia area. Some of its principal members are: James DeGregorio, Charles McKnight, John J. Kackbalian, aka "the Egyptian," Eddy Condon, Anthony Mengenie, Ronald Cimarose and Glen Turner.

The motorcycle gangs are becoming more of a threat to society. They are well organized and run with a strict code of discipline which in some ways resembles the Code of Omerta in the Mafia. In recent years, investigation has determined that members of the Pagan motorcycle gang have been used as enforcers and/or drug runners by members of the Philadelphia family of LCN, particularly Harry Riccobene.

The "bikers" as they are commonly known, have been cleaning up their act and starting to invest their funds into legitimate enterprises, such as bars and discos. Bikers are a serious cause for concern because they are bascially a vicious group who have no conscience or respect for any person or property, other than their "colors" and fellow bikers.

Bikers have long been active in the manufacture and distribution of methamphetamine. In March of 1982, Glen Turner was stopped in New Jersey by a New Jersey State Trooper, John Jacobs. Turner shot and seriously wounded Trooper Jacobs in the face and escaped. His car was later found burned and abandoned, containing definite traces of methamphetamine. Turner was arrested by New Jersey State Police and Pennsylvania State Police in the Wilkes-Barre area in the summer of 1982. Turner jumped bail and was later arrested by the FBI, Virginia State Police and New Jersey State Police near Richmond, Virginia, in November of 1982. He is currently awaiting trial for the assault of Trooper Jacobs.

During his RICO trial in federal court in April and May of 1982, Harry Riccobene and his half brother, Mario Riccobene, utilized two members of the Pagan motorcycle gang as guards each day.

In April of 1982, a meeting was held at Cous' Little Italy Restaurant between Raymond Martorano, Harry Riccobene, James DeGregorio and other members of the Pagan gang. An argument developed when Salvatore Merlino, who was present, disagreed with what was being discussed. When Merlino left, his car was blocked by a Pagan and his motorcycle. Merlino ran his car over the bike and injured the biker. Shortly thereafter, an associate of Merlino, Anthony Ricciardi, had his car firebombed and Salvatore Testa had several shots fired through the window of his front dooor at his residence.

During the latter part of April 1982, Victor DeLuca and Joseph Pedulla, bodyguards for Harry Riccobene, were arrested by the Philadelphia Police Department after they had left a meeting with Pagans Charles McKnight and James DeGregorio.

In February of 1981, Victor DeLuca and Joseph Pedulla were "kidnapped" by James DeGregorio and Eddy Condon at noontime in the downtown section of Philadelphia. After the car had been driven a few blocks, DeLuca bolted from the car and was shot in the shoulder by DeGregorio and/or Condon. Pedulla escaped. At the trial of DeGregorio and Condon in 1982, neither Pedulla nor DeLuca could identify their assailants.

2. Black Mafia, also known as Black Muslims

Since the early 1970s the Black Mafia in Philadelphia has been a violent force that had little structure or discipline. With the passing of time, this group has become more and more schooled in the ways of organized crime. The Black Mafia is credited with being the principal distributor of heroin in the Philadelphia area. This group has also extorted "protection" money from black numbers writers and illegitimate businessmen throughout the Philadelphia area.

The leadership was dealt a severe blow due to the severe sentences imposed on three of its top leaders in federal court during January of 1983. The reported leader, Lonnie Dawson and his two assistants, William Roy Hoskins and Robert Hardwick, were given prison terms ranging from 60 to 134 years in prison for drug violations.

3. Russian Emigres

The Pennsylvania Crime Commission has received limited information on a new organization known as Russian Emigres. Intelligence is currently being gathered by the U. S. Customs Service, the Philadelphia Police Department and MAGLOCLEN, which is an acronym for Mid-Atlantic Great Lakes Organized Crime Law Enforcement Network. This illegal organization is composed of small bands of Russian immigrants who are serving as the accomplices for American criminals in major burglaries and thefts and in fencing activities involving stolen jewels and other merchandise. This group has been seen mainly in large metropolitan areas on the East and West Coasts. It must be remembered that this group forms a very small minority of this otherwise extremely law-abiding immigrant group that fled communist persecution in Russia.

4. Rastafarians

This is a close knit group from the Carribean who specialize in dealing in narcotics.

5. The Patel

This is a group of individuals from India who all have the same last name. They have amassed great wealth in the United States and law enforcement agencies are beginning to conduct investigations as to the source of this wealth which is believed to be the result of organized criminal activity.

VII. Conclusions

In 1983, it is expected that the legislature of the Commonwealth of Pennsylvania will consider authorizing some form of legal casino gambling in the resort area of the Pocono Mountains. The anticipated gambling is expectd to be slot machines in the initial stages. Once that is established, it is anticipated that certain other forms of casino gambling will be approved. Several Atlantic City casinos already have hotels and/or land in the Poconos and are ready to begin operation.

If legalized gambling is approved, the Pccono resort area will be faced with the same type of problems that Atlantic City has dealt with since 1976. The same LCN families, which are active in Atlantic City, will also be active in the Poconos. The Pennsylvania Crime Commission expects a greater influx of LCN members from New York and New Jersey into Pennsylvania if gambling is legalized in the Poconos. .

Mr. Chairman and Members of the Subcommittee, that concludes my presentation. I want to express my sincere thanks to you, the Members of the Subcommittee and your staff, for extending this invitation to us. If there are any questions, we will answer them at this time. Thank you.

PREPARED STATEMENT OF ROBERT E. MAGEE, DEPUTY INSPECTOR GENERAL, U.S. DEPARTMENT OF LABOR

Mr. Chairman, Senators and members of the staff, I am pleased to be here today. I was appointed Deputy Inspector General, Department of Labor, in December 1981, having come from the Department of Agriculture where I was Assistant Inspector General for Investigations and had some 15 years service with that organization in various criminal investigative positions. Prior to joining the Department of Agriculture's Inspector General's office, I was on active duty with the U.S. Army for 22 years, with the majority of service in the Army's Criminal Investigation Division. I assumed the duties of Inspector General at Labor, in October 1982, upon the resignation of Inspector General Thomas F. McBride.

My purpose today is to describe the functions and operations of our office with respect to the investigation of organized crime in the labor-relations area. The function is carried out by a separate unit, the Office of Organized Crime and Racketeering, and approximately 75 Special Agents of that unit stationed in proximity to the Justice Department's Organized Crime Strike Forces. These Special Agents are dedicated exclusively to support of the Strike Forces and do not have any other Departmental duties or assignments.

The evolution of this unit to its present method of operation is significant in terms of the interests of this Subcommittee. The Hearings before this Subcommittee in April 1978 resulted in expressions of concern and criticism over what was seen as a failure of the Labor Department to accept responsibilities for criminal investigations of violations of the LMRDA and ERISA and, in particular, for inadequate and vascillating support for the Strike Forces. This criticism was emphasized by testimony of Justice Department representatives and set out in detail in the Subcommittee Hearing Report, and by Senator Charles Percy's remarks in the Congressional Record of June 8, 1978, and need no further elaboration by me.

A major question then, and now, is whether the Department of Labor should assert a professional, aggressive and pro-active presence in the area of labor racketeering, most specifically, in support of the Strike Force purpose and mission. The Department, in 1978, said "Yes" and established the Office of Special Investigations (OSI) which began to build the framework for this objective. Within a few months, the new statutory Office of Inspector General (OIG) was established and the functions and personnel of OSI were reassigned to the OIG.

The OIG offered some particular advantages. It was an office expressly created to conduct and oversee audits and investigations, and its independence and special reporting obligations to the Head of Agency and Congress provided protection from any interference with operations or diversion of investigative personnel to other functions.

The operational strategy developed and still pursued is to develop an annual Mission and Strategy Statement from each OOCR Field Office which identifies targets and sets priorities aimed at achieving the greatest impact, with the resources available, in disrupting and reducing the incursion of organized crime in labor union activities including crimes against pension, welfare and benefit plans. These Mission and Strategy Statements are developed using intelligence information on known or suspected activities of organized crime figures or associates, the assessed vulnerability of labor union entities in the area, the interests of the particular Strike Force and the national strategy objectives of the OOCR. The tentative plan is coordinated with the Strike Force Chief and, if he concurs, it is forwarded to the national OIG office where it becomes a basis for assigning resources and a benchmark to measure accomplishments. Most OOCR investigations are initiated pro-actively and the Attorney-in-Charge of the Strike Force wich corresponds to the OOCR field office is apprised of initiatives at the outset. OOCR Agents are encouraged to work with Special Attorneys from the early stages of each investigation which gives our Agents the benefit of the prosecutor's experience and promotes a teamwork environment.

The concept seems to work. Since the unit began to function as part of the Office of Inspector General, its Special Agents either conducted investigations alone or participated with other federal agencies in investigations which culminated in the convictions of over 170 individuals and organizations. Our recruiting has emphasized a mix of investigators with backgrounds in financial investigations or expertise in union and employee benefit plan operations with criminal investigators bringing experience in all the conventional techniques required to develop cases for prosecution. Working together, both these specialized groups gain skills from their opposite numbers and enable this office to perform the full range of investigative duties to bring a case to fruition, either working in concern with other agencies or, working independently, without being dependent on resource or priority considerations which may affect other agencies.

If the previous criticism of this Department and its Secretary for not maintaining an aggressive and viable investigative presence to detect and investigate offenses by organized crime in labor relations is not to be repeated, the Labor Department must maintain a presence that is not captive to conflicting priorities and workload problems of other agencies. The importance of this unit, in the area of labor racketeering is that it ensures a body of investigative specialists who understand union operations and the intricacies of pension and welfare benefit plan administration and reports. Because they are not diverted to other enforcement operations or rotated to other locations, they are able to develop the sources of information to gain essential intelligence information and cooperation.

Organized crime poses a serious potential threat to labor-management relations. However, only a relatively small percentage of unions are influenced by organized crime.

Organized crime's incursion in the labor-management field is of major concern to the Department of Labor. With the possible exception of gambling and narcotics, labor racketeering probably generates the greatest income and influence to organized crime. Organized crime's influence in the labor-management field affects all of us. It causes loss of employment, wages and benefits of union members which the "captive" union purports to represent. It imposes additional costs on employers. It demands higher prices in the market place.

Invariably, organized crime is attracted to those unions which offer the greatest profit potential. Control of a labor organization and its affiliated employee benefit plans with their billions of dollars offers organized crime ample opportunity for looting the treasury through embezzlement and kickbacks. The methods for such illegal activities are as diverse as the imagination permits. The employee benefit plan field is especially ripe to imaginative, sophisticated schemes which permit organized crime figures and their nominees to corner a very lucrative market. For example, information available to this office suggests that organized crime associates are increasingly receiving exorbitant fees for service contracts with employee benefit plans. In most instances, these awards are made without any competitive bidding and oftentime the service provided is of marginal value.

By controlling a union, organized crime can also exert considerable influence over the collective bargaining process. As such, organized crime figures or their designated nominees are in a position to offer "sweetheart contracts" and/or labor peace to employers in return for cash or other financial consideration. Moreover, organized crime's control of unions can provide organized crime controlled or influenced companies with a competitive advantage through the collective bargaining process.

Organized crime, by controlling a labor union can cause great financial injury to a company. Employers who want their cargos unloaded or to keep their businesses open are forced to bow to the extortionate demands of organized crime. Although the problem is perhaps most prevalent in the Construction Industry, no business is immune. This is especially true on projects with time deadlines such as construction where a strike or slow down is extremely costly. With such leverage organized crime can demand large sums of money from the victimized employer. Usually these extra costs trickle down to the consumer in the form of higher prices. Supervisory Special Agent Ronald Chance in testifying about organized crime in the Atlantic City area will illustrate the potential cost of time delays in the construction of casinos in Atlantic City.

Organized crime also uses its control of labor unions to provide a steady income to its members who are paid either out of the union treasury or from employers without being expected to perform any services.

Our Newark and Philadelphia Field Offices have the responsibility for the investigation program in the Mid-Atlantic Region. Generally, the mission in these two areas, as well as in other areas of the country, is to identify, reduce, control and prevent organized crime/labor racketeering within those industries and labor organizations which are vulnerable to organized crime's incursion. In that respect we have determined that local unions of the International Brotherhood of Teamsters, local unions representing workers in the Building and Construction Industry, labor organizations representing the Dress and Garment Industries (in upstate Pennsylvania), Longshoremens Association local unions and many jointly administered (union-management) employee benefit plans have been identified as being under the domination, control or influence of organized crime. In establishing our investigative priorities considering our limited resources, most of our attention has been directed to the Teamsters unions, Building and Construction Industry unions and in the employee benefit plan field.

Raymond Wren, Special Agent-in-Charge of Newark OOCR, Ronald Chance, Supervisory Special Agent assigned to our Camden, New Jersey Office and Robert McKee, Special Agent-in-Charge of the Philadelphia OOCR are with me today and later will provide a detailed analysis of the organized crime/labor racketeering problems in their respective areas of jurisdiction and a summary of our accomplishments.

Although we have had success in removing organized crime figures or their nominees from certain labor organizations, much too frequently, the removal process has been painfully protracted. Even after we have successfully completed investigations, which have led to the indictment and conviction of corrupt union officers, these convicted felons have remained in office, in some cases, for over three years following the District Court conviction. Under the present relevant sections of the Employee Retirement Income Security Act, and the Labor-Management Reporting and Disclosure Act, the disqualification occurs on the date of conviction or the final sustaining on appeal, whichever is later. Therefore, individuals who have been tried and convicted for embezzling from the union or employee benefit plans or receiving kickbacks relative to the operations of employee benefit plans can continue to exercise great influence over those same unions and benefit plans for years while the appeals process is exhausted.

Secretary of Labor Raymond J. Donovan, at the last congressional session, strongly endorsed the provisions of S.1785 - Labor-Management Racketeering Act, requiring the disqualification of individuals convicted of certain crimes from participation in labor organizations or employee benefit plans to take place immediately at the time of conviction. Analysis of investigations conducted by our Office of Organized Crime and Racketeering, illustrate the need for such a provision which I understand has also been included in the recently introduced S.336 - The Labor-Management Racketeering Act - during this session.

First of all, I think it is important to note that of the approximately 100 union or employee benefit plan officials who have been convicted as a result of our investigations, only one conviction was overturned. The following analysis illustrates how painfully slow the process has been in removing fourteen of these convicted officials:

> On May 5, 1979, five officers and business agents of the Teamsters local union 945, West Patterson, New Jersey, were convicted of violating the Racketeer Influenced and Corrupt Organizations (RICO) Statute by receiving kickbacks from an employee benefit plan as the predicate offenses (18 USC 1962 and 18 USC 1954).

The conviction related to $800,000 in mostly unsecured loans which the defendants and their nominees had obtained from eight banks using over 1.2 million dollars of LU 945's benefit plan assets. Convicted were Ernest Palmeri, Business Agent; Joseph Campisano, President; Vito Cariello, Secretary/Treasurer; Flen Chestnut, Business Agent; and Frank Smith, Business Agent. All defendants continued in their respective positions pending appeals. On March 2, 1981, the Supreme Court denied certiorari after which the defendants vacated their union positions. In September 1980, the Circuit Court of Appeals overturned the conviction of Flen Chestnut. Palmeri is reputed to be a ranking Genovese Family associate who had long controlled Teamsters LU 945.

On June 3, 1980, Joseph P. Uzzolino, President of Teamsters local union 478 and Chairman of the union's pension and welfare fund, Union, New Jersey, was convicted of receiving kickbacks relative to the operation of the union's employee benefit plans (18 USC 1954). Uzzolino remained in office until the Supreme Court denied certiorari on his appeal on October 5, 1982. The union, in a gesture of appreciation for his service, gave Uzzolino a new Lincoln Continental, eight weeks of severence pay and will contribute to the Teamster Local 478 Welfare Fund in behalf of Uzzolino and his wife for the rest of their lives.

On December 30, 1981, Anthony Lamaina, Business Manager; and James Conover, Secretary/Treasurer of the Law Enforcement and Security Officers local union 40B, Atlantic City, New Jersey, were convicted of embezzlement of union funds. They remain in their respective union officer positions while their convictions are under appeal. Although they remain in office, the U.S. Government has frozen the bank accounts of the union.

On October 8, 1982, John Cody, President of Teamsters local union 282, New York, New York, was convicted of violating RICO with violations of the Taft-Hartley Act (29 USC 186), bribery of a union official by an employer, as the predicate offenses. Cody continues as president of Local 282 while the conviction is under appeal.

On August 1, 1979, Roby G. Smith, Business Agent of Teamsters local union 299, Detroit, Michigan, was convicted of extortion in that he forced independent owner/operators to make their own contributions to the unions employee benefit plans. Although Smith was removed from his position in local 299, he was hired as an organizer of Teamster Joint Council No. 43, Detroit, Michigan. He continues in that position to date while his conviction is under appeal.

On August 13, 1981, Sten Thordarson, Secretary/Treasurer Teamster local union 389, Conoga Park, California and Martin Fry, Secretary/Treasurer local union 186, Carpinteria, California, were convicted of conspiring to violate RICO and embezzlement of union funds. They remain in office pending appeals.

On May 3, 1980, John Gibson, International Secretary/Treasurer of the Hotel, Restaurant and Bartenders Employee Union, which I know is of interest to you Senator Roth and to this Subcommittee, was convicted of embezzlement of union funds. He continued in that position until May 5, 1982, when he resigned following the Circuit Court of Appeals upholding the conviction on April 20, 1982. The International Union has authorized payment of a lifetime salary of nearly $100,000 per year to Gibson.

In October 1979, William Soltero, Sr., Secretary/Treasurer and Business Manager of Laborers local 383, Phoenix, Arizona, was convicted of embezzlement of union funds. He continued in office until December 1981, when the Supreme Court denied certiorari.

This completes my prepared statement, Mr. Chairman.

PREPARED STATEMENT OF RAYMOND A. WREN

SPECIAL AGENT IN CHARGE
U.S. DEPARTMENT OF LABOR
OFFICE OF INSPECTOR GENERAL
OFFICE OF ORGANIZED CRIME AND RACKETEERING
NEWARK, NEW JERSEY

FOR

UNITED STATES SENATE
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

FEBRUARY 23, 1983

Mr. Chairman and members of the subcommittee, my name is RAYMOND A. WREN. My title is Special Agent In Charge, Newark, N.J. Office of Organized Crime and Racketeering, Office of Inspector General, U.S. Department of Labor. I have been employed by Office of Inspector General since October, 1978 and I have personally conducted and supervised criminal investigations of organized crime controlled labor unions and their benefit plans in the State of New Jersey in conjunction with the Newark Organized Crime Strike Force of the Department of Justice. Prior to my position with the Office of Inspector General, I was an investigator for the Labor Management Services Administration of the U.S. Labor Department from 1970 to October, 1978. During my years as an Investigator with LMSA, I was detailed to the U.S. Department of Justice's Organized Crime Strike Forces in the Southern and Eastern Districts of New York.

Organized Crime dominates or has influence in many Teamster Locals, Laborers Locals, Construction Trades Locals and ILA locals in the State of New Jersey. I will comment on Locals in the Northern, New Jersey and SSA RONALD CHANCE will comment on Locals in Southern, New Jersey area, in particular Atlantic City.

Information contained in this statement has come from the files of the U.S. Department of Labor-OIG-OOCR, informants, State and Federal law enforcement agencies, newspaper articles and State and Federal court documents.

Organized Crime's control of these labor organizations and their affiliated benefits in the State of New Jersey has resulted in diversified criminal activities, which are limited only by the imagination of the corrupt unionist. Employers are extorted by these corrupt union officials for strike insurance, sweetheart deals and just to avoid labor problems (labor peace). Dishonest union officials embezzle money from labor organizations. However, during the last ten years there has been distinct turn to the Benefit Plans by organized crime and reasons are obvious. Considering the great increase in fringe benefit remuneration in the last twenty years, the racketeering potential is impressive. There are approximately 75,000 union locals in the United States, and a local frequently maintains more than a single benefit fund. The Teamsters organization controls more than a thousand funds, with total assets of $9 billion. Its Central States pension fund, which allegedly has been the favorite bank of organized crime, alone contains more than a billion dollars. Thus, although some corrupt unionists still steal member's dues, it is, as a practical matter, unnecessary: the opportunities are greater, and the risks slighter, in manipulating the welfare and pension funds.

Investigations in New Jersey have discovered the following methods to be used by organized crime to use benefit plans to line their own pockets:

1. Payments have been made to lawyers, accountants, or "consultants" for fictitious services or for the purchase of goods intended for the exclusive use of fund racketeers.
2. Investment discretion is, however, the major conduit for diverting union funds into racketeer pockets. Illicit loans are of two types:
    a) Loans intended primarily as income for the racketeers. These loans are just indirect ways of distributing spending money to fund insiders. The borrower functions as a "bag man" and the loan is never repaid. In other words, fund insiders are embezzling the funds which are then used for other organized crime activity, i.e., loansharking, gambling, etc.;
    b) Loans to a borrower who is at least arguably insolvent but the fund racketeer exacts a commission or kickback for arranging the loan. This

kickback is normally 10% of the amount of the loan. Again, the money generated by the kickback are then used for the illicit activities of organized crime.

3. Payments are made for exhorbitant administrative fees, and inflated commissions and fees.

The Genovese Crime Family is the most active organized crime family in the Northern New Jersey area. The Genovese Crime Family, which has its roots in New York City has domination and/or influence in local labor organizations in the Teamsters, International Longshoremen Association, Laborers, and Construction Trades. Matthew (The Horse) Ianniello, a CAPO in the Genovese Crime Family controls Local 560 IBT, which is the stronghold of the Genovese Crime Family in New Jersey. Ianniello has controlled Local 560, through the Provenzano Brothers, Anthony, Nunzio and Salvatore. The Provenzanos have great influence not only in Local 560 but by virtue of the Provenzano's position on Joint Countil 73 IBT, they have influence in the approximately 35 member locals that comprise Joint Council 73. The New York based Genovese Crime Family also has control over non-Teamster locals such as laborers, construction trades and the ILA in Northern,New Jersey through members of the Genovese Crime Family in New Jersey, i.e., Louis Anthony (Bobby) Manna, Tino Fiumara, John DiGilio, and Andrew Gerardo.

Louis Anthony Manna is a soldier in the Genovese Crime Family. Manna controls some laborers locals and construction trades locals in the Hudson, Bergen and Essex Counties of New Jersey. Manna is not a union official himself, but is able to control these locals by his influence over certain officers in these locals. Manna, with a record for loansharking came into prominence in the early 1970's when he refused to answer questions before the State of New Jersey Commission of Investigation which was investigating organized crime in New Jersey. Manna was incarcerated from 1972 to 1977 because of his refusal to answer questions before the New Jersey SCI.

TINO FIUMARA is a soldier in the Genovese Crime Family who was closely alligned to PETER LA PLACA, a New Jersey CAPO (deceased) in the Genovese Crime Family. Like Manna, Tino Fiumara has never held a position in a labor organization, but still controls locals in the ILA. Fiumara is presently serving a combined 25 year sentence as a result of conviction in the Southern District of New York and the District of New Jersey. In October 1979 Fiumara was convicted of extortion (FBI Case) of a Parsippany, New Jersey restauranteur to insure labor peace. Fiumara was also indicted, tried and convicted under a 245 count indictment in S.D.N.Y. (FBI Case) with MIKE CLEMENTE, a former ILA official, of receiving bribes from shipping companies and firms that sell supplies to ship repair firms in the New York and New Jersey area. Fiumara was the central figure in a network of criminal activity in the New Jersey waterfront and in New Jersey's trucking and shipping industries in such areas as gambling and loansharking. Although Fiumara is incarcerated he still maintains control of the Newark Waterfront through his associates.

JOHN DIGILIO is a soldier in the Genovese Crime Family who was an associate of TINO FIUMARA, prior to Fiumara's incarceration. Like Manna and Fiumara, DiGilio does not hold a position with labor organization. Despite this lack of union officership, DiGilio has direct control of construction locals in Hudson County, New Jersey and in addition, DiGilio has control of the Bayonne, New Jersey waterfront. DiGilio was convicted in July, 1975 of theft of Government Documents in that he arranged to have his file stolen from a local FBI office. DiGilio has been indicted on numerous occasions. DiGilio was indicted in 1973 with FRANK (FUNZIE) TIERI, former head of the Genovese Crime Family, for extortion. While charges were pending in the extortion case, DiGilio was indicted along with others in the aforementioned theft of Government

Document's case. DiGilio was acquitted of the extortion charge. In 1974, DiGilio was indicted with others with conspiracy and obstruction of justice. DiGilio was again acquitted. During the two trials that led to the acquittals, DiGilio claimed incompetency to stand trial and participate in court hearing. Today, DiGilio stands indicted in a loansharking case dating back to 1978 in Morristown, New Jersey. This case has remained untried because of an ongoing series of hearings in Federal and State court on DiGilio's mental and physical competency to stand trial.

In addition, Andrew Gerardo, aka Andy Gerard has control of Business Managers and Business Agents in some of the major construction trade Locals in New Jersey. Reportedly anyone having problems with construction trade locals in Atlantic City can have them resolved by seeing Gerardo.

The DeCavalcante Crime Family which is New Jersey's only homebred organized crime family is under the control of JOHN RIGGI who is Business Manager of Local 394 of the Laborers in Elizabeth, New Jersey.

The DeCavalcante's Family influence in New Jersey Labor Racketeering is well documented in Federal wiretaps. In the FBI's DeCavalcante wiretaps made public in 1969, Riggi is identified as a "CAPO" in the DeCavalcante organization. The tapes also documented that Riggi's appointment as Business Manager of Local 394 was pushed through by Sam DeCavalcante, the former boss of this crime family when the then present Business Manager failed to supply jobs for the unemployed soldiers from the Newark based faction of the organized crime family of the late Carlo Gambino. Riggi exerts great influence over the construction locals and industry in the Union and Middlesex Counties of New Jersey.

I will discuss now some recent labor racketeering convictions in New Jersey.

Local 560 IBT, Union City, New Jersey is an important tool of organized crime in Northern New Jersey. The Local is under the domination of the Genovese Crime Family. Matthew (The Horse) Ianniello - Capo Genovese Family controls the local through Tony Provenzano (incarcerated), then Nunzio Provenzano (also just incarcerated) and presently through Salvatore Provenzano. Despite a number of criminal convictions over the past 20 years, the Provenzanos still control Local 560 IBT. The position of President of Local 560 has remained in the hands of the Provenzanos for over twenty years. I have prepared a chart (Exhibit A) which lists the major officer positions from 1959 to the present at Local 560 IBT. This example of organized crime stranglehold on a labor organization is proof that the present five year bar from union office for convicted labor racketeers must be increased to prevent corrupt union officials from returning to office in order to commit additional crimes. Since 1966, key positions at Local 560 have been filled by either members of the PROVENZANO FAMILY or their appointees, all of whom have then been unopposed at elections. Anthony Provenzano was president from May, 1958 until May, 1966 when he was incarcerated for a 1963 Hobbs Act conviction. In 1975, upon the expiration of the 5-year bar from office, he was appointed to the position of secretary-treasurer. In 1978, he relinquished that position after his Ulster County, New York murder conviction, and was replaced by Josephine Provenzano, his 24 year old daughter. He was subsequently convicted of labor racketeering in 1979 in New Jersey along with Stephen Andretta, a former Business Agent of Local 560; Thomas Andretta and Gabriel Briguglio, an officer of Local 84 IBT. Although the murder conviction involved the murder of rival Local 560 official in 1961, the labor racketeering conviction included criminal activities after Anthony Provenzano returned to office upon the expiration of the five year bar.

In 1961, Salvatore Provenzano was appointed trustee and business agent by Anthony Provenzano, and served in that capacity until 1966. Immediately upon his brother's incarceration in 1966, Salvatore Provenzano was appointed president of Local 560, and served in that capacity until 1975, when he was appointed to the position of vice-president. He resumed the position of president in July, 1981 after NUNZIO PROVENZANO was convicted of labor racketeering. Nunzio Provenzano was appointed by his brother Anthony as a business agent of Local 560 in February, 1963, two days after Nunzio was convicted in New York County of a grand larceny, which involved a labor peace shakedown. In August, 1966 he began a three-year prison term in New York State as a result of this conviction. Immediately upon his release in 1969, Nunzio Provenzano was hired by Local 560 as a file clerk at a salary of $18,000 per year, 50% greater than that received by any other clerk. When a parole restriction against holding union office expired in 1970, he was appointed by Salvatore Provenzano as a business agent. In 1973, Nunzio Provenzano was appointed to the position of secretary-treasurer, and in 1975, he was appointed to the presidency of Local 560. In response to a bail condition following his 1981 RICO conviction, Nunzio Provenzano was forced to relinquish the presidency, and his brother, Salvatore, picked up the reins.

NUNZIO PROVENZANO was convicted in 1981 of labor racketeering as a result of an FBI investigation. This involved his acceptance of monies from Pacific Intermountain Express Company (between approximately 1971 and 1980), Mason and Dixon Lines, Inc. (between approximately 1976 and 1979), TIME-D.C., Inc. (between approximately 1975 and 1979) and Helms Express (between approximately 1977 and 1979). The payments from these employers were for the purpose of obtaining labor peace, specifically, the avoidance of a costly work rule contained in the collective bargaining agreements.

Another prime example of the inadequacy of the scope and types of enumerated crimes specified in five year bar for convicted labor offices is the case of SALVATORE (SALLY) BRIGUGLIO, a former Local 560 IBT Business Agent.

SALVATORE BRIGUGLIO was a member of the Genovese Crime Family and a loyal follower of ANTHONY PROVENZANO. SALVATORE BRIGUGLIO had a long criminal history for violence and extortion. He was convicted with NUNZIO PROVENZANO of a labor racketeering offense involving extortion in 1963. In 1969, after he had just completed a term of imprisonment for the 1963 extortion conviction, the Executive Board of Local 560 appointed him to the position of Business Agent. In 1972, the Executive Board of Local 560 appointed him to the position of Trustee of the Trucking Employees of Passaic and Bergen Counties Pension and Welfare Funds. At the time that Briguglio was entrusted by the Executive Board of Local 560 IBT with the hard earned pension and welfare monies of Local 560 members, Briguglio was under indictment for counterfeiting. Briguglio pled guilty to counterfeiting and was sentenced in July, 1973 to four years imprisonment. In 1974, after he had completed his term of imprisonment on the federal counterfeiting conviction, Salvatore Briguglio was reappointed to the position of Business Agent by the Executive Board of Local 560 IBT. In the summer of 1978, Salvatore Briguglio was murdered gangland style in the Little Italy section of Manhattan. Testimony in the 1979 SEATRAIN TRIAL, in which ANTHONY PROVENZANO, GABE BRIGUGLIO and the ANDRETTA BROTHERS were convicted of racketeering indicates that SAL BRIGUGLIO was in the thick of things once again.

In summary, convict Anthony Provenzano, and five years after his release from prison, he resumes office at Local 560, only to continue to violate federal labor laws. Since Nunzio Provenzano's 1963 New York conviction was not considered a disabling offense under Section 504, the only impediment to his immediate resumption of violations of the labor law was a one year parole restriction. Even had he been barred by Subsection 504, it is clear that as soon as that five-year bar had expired, he would have been immediately reappointed as an officer of Local 560 and would have then started to breach the fiduciary obligations imposed upon him by federal law. Because of the limited success of the last five-year bar for convicted felons, the union's assets continue to be misused; the member's contract rights continue to be sold on the auction block; and the members' rights to union democracy continue to be an illusion.

The Department of Justice is presently attempting to restore the democratic process at 560, by pursuing action under the civil procedures of the RICO Statute. The U.S. Labor Department-OIG is the primary investigative agency in this first attempt to use the civil provisions of RICO to launch a comprehensive attack upon a corruption problem within a labor organization in an effort to restore union democracy.

It must be recognized that the Provenzanos not only control Local 560 IBT but they have substantial influence over Joint Council 73 IBT, which includes approximately 35 Teamster locals in the Northern New Jersey area.

To show how the Provenzanos influence New Jersey Teamster Locals through Joint Council 73, it is necessary to know its role. The Joint Council is an intermediary body to which two (or more) member Locals submit themselves to settle a jurisdictional dispute. The Joint Council is also that body which would hear an appeal of a union member who belonged to a Local with the Joint Council. Such an appeal would include election complaint which has been rejected by the member's Local Executive Board.

In both cases, the Joint Council renders their decision. The aggrieved party does not have to accept the Council decision and can appeal to the International Union. Historically, the International accepts and enforces the Council's decision. It is therefore advantageous for the officers of the member Locals to carry out the requests or do the favors required of them by the Provenzanos.

Joint Council 73, since mid 1960's has been the extended arm of the Provenzano control in New Jersey Teamster matters. Anthony Provenzano has been President and/or an officer of the Council whenever he has been an officer of Local 560 and out of jail. Even when he was in jail, his brother Salvatore filled the position of President of the Council.

In addition to the aforementioned prosecutions involving Local 560 IBT, an additional conviction is noteworthy.

Ralph Torraco, a certified public accountant, was a longtime accountant to Local 560 IBT as well asnumerous other locals in the North Jersey area. For years, Torraco served as the "outside" accountant whose responsibility it was to safeguard the various benefit plans of Local 560 IBT and others.

In 1981, Torraco was indicted, as a result of a U. S. Labor Dept. - IRS investigation, of federal tax fraud involving some $840,000 in unreported income and, more importantly, on benefit fund fraud charges invovling some $115,000 in fraudulent over-billings for non-existent services. TORRACO later pled guilty to tax fraud and labor violations.

In May 1981 Local 84 IBT merged into Local 560 IBT. However, the officers of Local 84 IBT have often been close associates of Anthony Provenzano. Andrew Reynolds, the President of Local 84 IBT from 1977 to 1981, is a nephew of Nunzio Provenzano and son of THOMAS (HAPPY) REYNOLDS, an officer of Local 560 and Trustee of the Pension and Welfare Funds of Local 560 IBT. GABRIEL BRIGULIO, former Vice Presidentof Local 84 IBT, is the brother of former Local 560 Business Agent SALVATORE BRIGUGIO. As you may recall, GABRIEL BRIGUGLIO was convicted of labor racketeering in 1979, along with ANTHONY PROVENZANO, and two of ANTHONY PROVENZANO's associates, STEPHEN and THOMAS ANDRETTA. Local 84's first President, Fred Furino, was a longtime Provenzano associate who was also murdered on June 3, 1982.

In Local 418 IBT, ALFRED PASCAPELLA SR. was President. PASCARELLA pled guilty in 1978 to receiving payoffs from employees in return for labor peace as a result of a joint U. S. Labor Department and New Jersey State Police investigation. The plea resulted in PASCARELLA signing a Civil Rico injunction barring him from holding union office or engaging in collective bargaining negotiations for the rest of his natural life. Local 418 IBT was formed by ROBERT TARANTINO, SR. and ALFRED PASCARELLA, SR. prior to 1959. TARANTINO, SR. died in 1967 and PASCARELLA, SR. became President of the local. JOSEPH C. TARANTINO, son of ROBERT TARANTINO, SR., became Secretary/Treasurer and ROBERT TARANTINO, JR., son of ROBERT TARANTINO, SR., has worked for the local in various capacities since 1967. The Tarantino brothers are nephews of the late PETER LA PLACA, a CAPO in the Genovese Crime Family.

In Local 701 IBT, DAVID and JACOB FRIEDLAND were attorneys to the Benefit Plans.

DAVID and JACOB FRIEDLAND have been counsel to numerous IBT Locals in New Jersey, including Local 560 IBT in the early 1960's. David Friedland was a State Senator in New Jersey.

The Friedland investigation which was a joint U.S. Labor Department - FBI/IRS effort originated in Los Angeles where the United States Attorney's Office had convicted one Barry Marlin on fraud charges relating to an international securities swindle. Marlin's "Ponzie Scheme" involved some 2,000 investors who were defrauded of an estimated $50,000,000. Marlin had been sentenced to a substantial jail term as a result of mail fraud convictions in both California and Illinois; and, in June of 1979, he offered to cooperate with authorities. He related to authorities that, during 1975-76, he had paid some $360,000 in kickbacks to the Friedlands in connection with two separate loans, totalling approximately $4,000,000 from the benefit fund of Teamsters Local 701.

In May, 1980, David and Jacob Friedland were convicted of violations of 18 U.S.C. 1954, as well as IRS and obstruction of justice charges. David Friedland has been sentenced to seven years imprisonment and his father, Jacob Friedland, has been sentenced to two years imprisonment.

In Local 478 IBT, Joseph P. Uzzolino was President of Local 478 IBT and co-chairman of the Board of Trustees of the Local 478 Pension and Welfare Funds. This joint U.S. Labor Department/FBI investigation was initiated with the 1978 conviction of a trucking company officer who was conducting a bust-out operation. The Official inherited a $80,000 Pension and Welfare Delinquency to LU 478 Pension and Welfare Fund.

The official made an agreement with Uzzolino for a $10,000 kickback to delay and hinder the collection of the $80,000 in contributions. Although the union filed suit against the Official for the $80,000, in fact nothing else was done beyond the filing of the complaint. In June, 1980, Joseph P. Uzzolino was convicted on conspiracy in this scheme, and was sentenced to five years.

In Local 945 IBT, ERNEST PALMERI, JOSEPH CAMPISANO, VITO CARIELLO and FRANK SMITH were all officers. Local 945 IBT has under contract the major employers engaged in the private sanitation business in Northern New Jersey. ERNEST PALMERI, a Business Agent of Local 945 IBT, was a close associate of PETER LA PLACA, a CAPO in Genovese Crime Family who is now deceased.

> These Local 945 officers used certificates of deposit belonging to Local 945 IBT for collateral on bank loans obtained from New Jersey banking institutions. In return for placing larger amounts of money in certain banks these officers demanded that the banker grant unsecured loans to their nominees. The banks complied and thereby entered into a spiraling cycle of defaults. The ultimate result was that the F.D.I.C. closed several banks. Before this happened, however, the officers would be able to invest the loan money in various ostensibly legitimate businesses (particularly in the solid waste industry), and thereby undercut the prices of legitimate competitors and force them out of business.

> In the case of one bank, some loans were used to finance a massive and lucrative loansharking operation conducted by an associate of one of the officers.

In May, 1979, these four union officials of Local 945 IBT were convicted of violations of 18 U.S.C. 1954 and the RICO statute as a result of a joint FBI-U.S. Labor Department investigation.

In Local 734 Laborers, WILLIAM FEENEY was President of the local and Trustee of the benefit plans of the local. FEENEY at the bequest of ERNEST PALMERI placed certificates of deposits from Local 734 into selected banking institutions in the State of New Jersey.

During October, 1978, a U.S. Labor Department investigation disclosed that in return for a 10% kickback, William Feeney had caused the benefit fund of Local 734 to grant mortgage loan totalling some $425,000 upon two apartment buildings located in Hudson County, New Jersey. Subsequent investigation revealed that an associate of Feeney had caused the value of both properties to be artificially inflated by as much as 300% in order to facilitate the loans. The borrower, who was later convicted of attempting to bribe an IRS agent, immediately paid Feeney some $42,500 in kickbacks, and he promptly dissipated the balance of the loan money on a world-wide spending spree. When the loans went into default, the funds' attorney, simply repossessed the properties and excused the borrower from any further liability. Since both buildings were located in rapidly deteriorating neighborhoods, the investments have resulted in a substantial loss to the benefit funds of Local 734.

In April of 1980, William Feeney was convicted of violation of 18 U.S.C. 1954. Feeney was sentenced to seven years imprisonment and a Fort Lee realtor who aided and abetted in the scheme was sentenced to six years.

In Local 28 of the Boilermakers, Charles Crowley was Business Manager of the local Crowley, while Business Manager of Local 28 of Boilermakers, met with John DiGilio, Genovese Family Member, on a regular basis. As a result of a joint U.S. Labor Department - IRS investigation Crowley pled guilty to tax fraud charges and, more importantly, as part of the disposition, he entered into a consent judgment under the RICO statute under the terms of which he can never again hold union office or have any dealings with any labor oganizations.

In Local 21 of the Laborers, Jersey City, John Joseph Pasquale was Business Agent of the local. Pasquale is an associate of LOUIS ANTHONY MANNA and, in fact, Local 21 of the Laborers rents space in a building in Jersey City, New Jersey which is owned by MANNA. Pasquale was a master burglar as well as a loanshark operative. A court approved search of Pasquale's residence by FBI and U. S. Labor Department Agents resulted in the seizure of a pistol which has been stolen in a house burglary that was one of some dozen such burglaries in fashionable residential area of New Jersey.

Pasquale, as a convicted felon, was charged with the federal firearms violations. The significance of the case is that it marked the first successful use of the Dangerous Special Offender statute in the District of New Jersey. Pasquale was convicted on the gun charge in 1981. When the District Court Judge reviewed the Government's evidence on dangerousness - including past burglary convictions and reliable informant information on Pasquale's burglary activities, he remanded Pasquale forthwith and later sentenced him to seven years imprisonment - which would have otherwise been a two-year sentence.

In conclusion, Organized Crime has substantial influence in the transportation, shipping and construction industries in New Jersey. Although the aforementioned convictions have made inroads into the organized crime hierarchy in New Jersey, the problem still exists. Convicted labor officials have been replaced by still other dishonest unionists and have returned after the five year bar period to commit additional criminal acts.

Law Enforcement efforts must not only be increased to stop organized crime infiltration of the labor movement, but law enforcement must exhibit the imagination and perseverance to conduct increasingly complex investigations.

Thank you Mr. Chairman, that concludes my statement.

PREPARED STATEMENT OF RONALD C. CHANCE, SPECIAL AGENT-IN-CHARGE, U.S. DEPARTMENT OF LABOR

Mr. Chairman and members of the Committee:

My name is Ronald C. Chance and I am the Supervisory Special Agent of the Camden Field Office, United States Department of Labor, Office of Inspector General, Organized Crime and Racketeering. I have been employed by the Office of Inspector General for two years. Prior to that I was a member of the New Jersey State Police for fifteen years.

During my service with the State Police I was assigned to the State Police Intelligence Bureau, Organized Crime and Labor Racketeering Section for four years. I have investigated organized crime and labor racketeering in Southern New Jersey and Atlantic City for six years. I attended seminars on labor racketeering at the Cornell University Law School and the Temple University Law School in preparation for my assignment to the labor racketeering squad. I have a Bachelor's degree in Political Science.

I am very pleased to have this opportunity to appear before you today and present a briefing on organized crime and labor racketeering activity in Southern New Jersey and Atlantic City. I want to advise the Committee that the information contained in this report is supported by physical and electronic surveillance, interviews with informants and other sources, personal observations of this investigator and public testimony before the district courts in New Jersey and Pennsylvania and the Pennsylvania Crime Commission.

There have been three phases of organized crime activity in Atlantic City as a result of the casino legislation. The first phase began with the passage of the casino legislation and was marked by an attempt by the LCN Bruno Family to take control of the construction industry in Atlantic City. This phase ended with the death of John McCullough in December 1980.

The second phase was the consolidation of power by the Scarfo group of the LCN Bruno Family and was marked by a takeover of Local #54 of the Bartenders Union by associates of Scarfo and placing the benefit plans of Local #54 under the control of a company which has already been linked by testimony before the Senate and the New Jersey State Commission as a company controlled by organized crime, namely the LCN Bruno Family.

The third phase has been an attempt by members of the LCN Genovese Family from New York to take control of the benefit plans of all the unions in Atlantic City.

The Casino Industry is an industry that is highly vulnerable to the influences of organized crime. We have seen other industries that have the same vulnerability such as the waterfront, trucking and stagehands unions as a result of the Waterfront Corruption hearings conducted by this Committee in 1981.

In order for us to understand how organized crime was able to exploit the Construction Industry during the first phase, we have to take a look at the economic impact that the casino construction had on Atlantic City. We must understand the economic condition of the city before and after casino gambling.

The casino legislation was really social legislation in that it mandated that casinos could operate only in hotels which had at least five hundred rooms. This would force new construction since there was only one hotel in the city with five hundred rooms.

Prior to the casino boom which began with the passage of the casino legislation in November 1976, Atlantic City had a declining population of 40,000 permanent residents and 20,000 daily visitors. Four major hotels were in default because they could not pay their mortgages or property taxes. The Traymore

Hotel which had been the largest in the city had been demolished. The total assessed value of all the property in the city was $300 million and the total amount of property taxes collected for 1976 was $23.7 million. The unemployment rate in Atlantic City has 19% which was much higher than the national average. Most importantly we must realize that the prime interest rate at that time was only 6.25%.

Atlantic City was a dying town. There was no great interest in Atlantic City by anyone including organized crime or law enforcement. In fact, at that time Wildwood, New Jersey was the up and coming resort with organized crime investments being made there in the restaurant, tavern and hotel areas.

After the construction boom ended in 1981 with the completion of the Tropicana Hotel Casino, we had a totally new city. The permanent population remained at 40,000 but there are now 100,000 visitors a day. On some days as many as 1000 buses bring patrons to the casinos. The Tropicana Hotel had been sold by a bank which held the mortgage for $50,000 in 1977, and was later sold for $50 million. The total assessed value of property in Atlantic City is now $2 billion and the property taxes collected amount to $61 million. The unemployment rate in the city dropped to 8% during the construction boom. It is most important to note that during this period the prime interest rate changed from 6.25% to 21%.

At the end of the construction boom in 1981 the casino construction cost $1.5 billion and there was an additional $200 million in other improvements made in the city.

Organized crime traditionally has targetted businesses which are susceptible to economic pressure and which deal in cash. The Construction and Casino Industries are two examples.

Let's now take a look at how organized crime took advantage of the industries.

As a result of the introduction of $1.7 billion in new capitol into Atlantic City, organized crime was determined to get their share. Atlantic City lies within a three-hundred-mile radius of 50 million people and almost all the major organized crime families in America. There were bound to be jurisdictional disputes among the families and at the same time there was an internal power struggle for control within the LCN Bruno Family. The influx of all this new money into Atlantic City not only caused power struggles between the families but also between the members of the Bruno group. This power struggle has been partially responsible for the seventeen deaths in the Philadelphia area in the last several years.

In 1976, Nicodemo (Little Nicky) Scarfo was the LCN Bruno Family operative in Atlantic City. He is a street criminal and had been involved in loansharking, extortion and narcotics. He was not an important figure in organized crime at that time and Atlantic City was not particularly important either.

All that changed with the passage of the casino legislation. There was hysteria in Atlantic City with a boomtown mentality. Everyone wanted to get rich quick. Over thirty casino projects were announced and the city was overrun by land speculators, real estate developers, con artists and organized crime figures trying to cash in on the casino boom.

Just as the construction of the casinos was about to begin, John McCullough, the President of the Roofer's Union in Philadelphia took control of a small local roofers union in Atlantic City. By controlling the Roofers Union, McCullough was able to take control of the Building Trades Council in Atlantic City.

The Building Trades Council (BTC) was made up of all the Construction Unions and the Teamsters Union in Atlantic City. The Building Trades Council was very active politically in the city and members of the Building Trades Council held positions on the Planning Board, the Zoning Board and the Parking Authority in the city. As a result of their political activism they also had a great deal of influence with the City Commission. At one time, one of the officers of the Building Trades Council ran for office on the City Commission but he was defeated. The Building Trades Council had a great deal of influence in the city and the control of the Building Trades Council was a prime target of the LCN Bruno Family

John McCullough quickly gained control of the BTC and tried to use it for the benefit of Bruno. McCullough had a personal relationship with Bruno and he was able to sit down directly with Bruno and bypass Scarfo who was Bruno's man in Atlantic City. McCullough constantly rebuffed attempts by Scarfo to be under his control.

McCullough was too strong for Scarfo but all that changed in March 1980 when Bruno was killed. The most significant effect that the death of Bruno had on Atlantic City was that it started the clock ticking on the life of John McCullough. He was told by Philip Testa, Bruno's successor to come in and sit down with Testa and Scarfo. McCullough refused and he was murdered in December 1980.

In March 1981, Philip Testa was murdered and Nicky Scarfo, more by default than by election, took control of the LCN Bruno Family by stepping into the vacuum created by all the murders.

We now believe that McCullough was murdered as a result of a contract put on his life by two members of the Bartenders Union in Atlantic City. Scarfo was in control of the Bartenders

Union at that time and law enforcement officials suspect that Scarfo may have been ultimately responsible for McCullough's death. Scarfo continuously tried to get McCullough under his control but was not successful. McCullough then tried to take control of Local 54. He had Local 54 split into two unions and had his associates appointed as receivers.

This was an attempt by McCullouogh to take over the turf of Scarfo and may have led to his murder.

In the September 1, 1982, edition of the New York Times (page 14) reported that labor peace was for sale on the construction sites and that as much as $200,000.00 may have been paid for one project alone.

The casino developers coming into Atlantic City had to get approval from the Zoning Board, Planning Board, City Commission, and the Casino Control Commission, all before they could turn over the first shovel of dirt. In addition, they had to be assured that there would be a steady and reliable supply of labor and materials to the site and that there would be no delay in construction caused by labor disputes.

It was imperative that a casino developer not be delayed in his construction schedule because of the economic conditions of the time. There were nine casinos built in Atlantic City at a total cost of $1.5 billion. The Sands Casino cost $70 million while the Tropicana and Bally Casino's cost over $300 million each. If we take as an example a casino being built in 1980 when the prime interest rate was over 20%, we can easily see why labor peace was so valuable.

If we use as an example a casino being built in Atlantic City during 1980 at a cost of $200 million, when the interest rate was 20%, we can see that the developer was paying $4 million a year in interest alone. This amounts to more that $300,000 per month. If we add to that, the fact that the first casinos to open reported daily income of $500,000, we can see that a thirty day delay in construction would cost the developer over $300,000 in extra interest and a loss of $15 million in revenue.

The Building Trades Council could not only guarantee labor peace, but also use their influence to obtain project approval from the planning, zoning and parking authorities. They also could guarantee that the construction materials would be delivered on time; so in short, it was good business to do business with the building trades.

With the death of John McCullough, Nick Scarfo became the most powerful organized crime figure in Atlantic City. In order to benefit from the building boom, Scarfo created a construction company called Scarf, Inc., which is a concrete sub-contractor. He used his nephew Philip Leonetti as a front for this company to get a contractor license. Scarfo's company was eventually hired and worked on the construction of five of the nine casinos.

We received information from our sources that there was a large scale ghost employee scheme on the payrolls of the companies where Scarf, Inc. was working. It is most significant to note that there were no labor or delivery problems on any of the construction sites where Scarf, Inc., their employees or associates were working.

John McCullough sought not only to control the Building Trades Council, but also the Security Guard Industry in the city. However, I must add that the Building Trades Council and all it's members are not and never were under the control of organized crime. There are many officials of the Building Trades Council who were outstanding union men and who would not give up the best interests of their members and sacrifice them to the interests of organized crime. McCullough attempted to get all the members of the Building Trades Council to drop their health coverage and join a medical center which he wanted to construct. The project was defeated by the strong group of honest and dedicated union officials of the other construction unions.

John McCullough created a Security Guard Union in 1979 and attempted to take control of the Security Guard Industry in Atlantic City. He used two Atlantic City Police Officers to act as a front for him. Joseph LaMaina was the aide to then Chief of Police William TenBrink. James Conover was a detective in the Research and Planning Bureau. They created a Security Guard Union and then they joined the Building Trades Council. They sent letters to the security guard companies who had guards on construction sites at the casinos. The casinos were told that unless they hired unionized security guards their construction sites would be shut down.

There were sutdowns at two casino construction sites and the non-union guards were forced off the site. Several civil suits were filed by the Security Guard companies in Atlantic City in the state courts.

The Building Trades Council, by honoring the picket lines of the Security Guard Union, effectively monopolized the Security Guard Industry in the city. There was only one security guard union in the city and that was Local #40B, International Brotherhood of Law Enforcement and Security Guards. They organized two companies and they were the only ones that were permitted to work on a construction site where members of the Building Trades Council were working.

The real goal of McCullough was not to control the construction sites but to control the casinos themselves. The state laws require that security guards be in place on the casino floor before the casino can open it's doors. If the casinos don't have their guards working, the state can force the casinos to close. If the Building Trades Council lost their control of the casino once the construction ended, they would be able to keep control if they organized the security guards. If the casinos were closed down as a result of a job action by security guards they would again be in a position to lose $500,000 a day.

During our investigation of Local #40 B, we learned LaMaina and the Chief of Police TenBrink were spending considerable time at the Montego Bay Motel which was frequented by members of the Pagans Motorcycle Club and the Roofers Union. During their trial it was disclosed that LaMaina and TenBrink were being paid $400 a week by the Pagans to protect their drug operation in Atlantic City. LaMaina was using his position as liasion officer to spy on the State Police and the DEA in order to report to the Pagans what they were going to do about the drug operations in Atlantic City.

LaMaina moved right into his new position as union official by going on sick leave for one year at full pay from the Police Department. He and Conover then tried to organize the police department but were unsuccessful. They then convinced the employees of a private security guard company to join their union by telling them "Trust us, we're cops".

As soon as Lamaina got that contract he became a legitimate union and tried to get the security guards of the casinos to join his union. However, he was indicted and convicted before he won any elections.

LaMaina and his union are a perfect example of an organized crime controlled union. As soon as the members joined the union their problems began. There were no meetings for over eighteen months. The officers refused to give the members a financial report, a copy of the contract, constitution and by laws of the union or a copy of their benifit plans. He spent most of his time and the member's money on entertainment and the rental and upkeep of a new luxury automobile.

Lamaina and Conover were subpoenaed to appear before a Federal Grand Jury and they made up fictitious minutes of an officer's meeting which gave them the authority to spend the union money. They were then indicted for obstruction of justice, perjury and embezzlement of the union funds. Ten days after they were indicted they were promoted to Sergeant by the Police Department. They were later convicted and sentenced to three years in prison.

The death of John McCullough ended the success of LaMaina's union and brought the end of phase one of the LCN attempts to control the Casino Industry.

The second phase concerned the consolidation of Nick Scarfo's power in Atlantic City and his control over the Bartenders Union.

There has already been a full description of the activities of Nick Scarfo and his influence over Local #54 presented to the Committee by Col. Justin Dintino of the New Jersey State Police and by Joseph Salerno, a protected witness at this Committe's hearing on the HREU in June and September of 1982. I will not repeat that testimony. However, I would like to report to the Committee the events of August 1982 after Salerno testified.

Joseph Salerno Jr. testified before the Committee in June 1982 and was then asked to assist the government in it's investigation of Local #54. After Salerno testified here and before he was able to testify again, his father was shot. I interviewed his father in the hospital the next day and he told me that he knew he was shot in retaliation for his son's cooperation with the Committee and to prevent him from testifying for the government again. Mr. Salerno stated that he would forbid his son to cooperate again because we were unable to protect his family. When I last spoke to Mr. Salerno he told me that he expected to have some permanent nerve and muscle damage in his neck, left shoulder and arm as a result of the shooting. I believe this was the first time the family of a protected witness was attacked in order to silence the witness. Unfortunately, Mr. Chairman, it worked. Joseph refused to cooperate further.

This aura of violence and fear is what makes organized crime so successful in our society and prevents us from getting the cooperation from the citizens of our country.

Mr. Salerno asked me to end all the investigations the goverment was making against Scarfo because that was the only way he would feel safe again. Unfortunately, I had to tell him that the government of the United States will not be intimidated by organized crime and that we will continue our investigations.

The Salerno family was so terrified by this event that they asked for protection by the government. It seems that this is a case of falling between the cracks in the law. Our organization could not provide protection. The Justice Department only has the witness protection program available and were not able to provide protection for the Salerno family in their home. Fortunately, the State Police in New Jersey decided to protect the family and they asigned State Troopers to guard the family in their home until they returned to Pennsylvania. This cost the State Police $14,000 and in addition they lost the services of six troopers for twenty one days. Mr. Salerno was a Federal Witness and we had to rely upon the State Police to protect his family.

Shortly after the shooting, Nick Scarfo and several of his associates paraded around Atlantic City wearing jogging suits which was the manner of dress of the gunman who shot Mr. Salerno.

Mr. Scarfo had been on bail following his conviction on a weapons violation and was ordered not to associate with persons connected with crime. One week after the shooting the Newark Strike Force Chief obtained an arrest warrant for Scarfo charging a violation of his bail. One hour later without notice, a bail hearing was held and over twenty agents and detectives from eight law enforcement agencies appeared in the District Court and produced evidence concerning Scarfo's continous violation of bail. As a result, his bail was revoked and he is now serving his sentence two thousand miles away from the Salerno family. This is small consolation to them however, and the gunman has never been located.

Scarfo consolidated his power after John McCullough was removed from Atlantic City when he was murdered. Frank Gerace and Robert Lumio took control of Local #54. The benefit plans of Local #54 were taken over by an administrator who was alleged to be an associate of Angelo Bruno. With Scarfo's imprisonment he may have lost control of Atlantic City and the LCN Bruno Family.

The third phase of organized crime activity in Atlantic City has been an attempt by the LCN Genovese Family to take control of the benefit plans of Local #54 and Teamsters Local #331. There have been three attempts to build a medical center for union members in Atlantic City. All of the attempts have failed. The first failed because honest and dedicated union leaders could see it was not a good program for their members and rejected the idea.

The second and third attempts have been made by Angelo Commito who was identified by the Wall Street Journal (page 1) on October 5, 1982, the Pennsylvania Crime Commission and protected witness, James Frattiano, as a front for organized crime interests. Both these attempts were defeated when the State authorities refused to license the dental clinics.

Organized crime will continue to make every attempt to control the Casino Industry through the labor unions in the city. The majority of the union members don't even know this is happening and don't know that they are being victimized. The very violent nature of the LCN Bruno Family is evidence that the stakes are high in Atlantic City and violence is the way to solve disputes. The threat of violence and the actual use of violence is a very real concern of the citizens of New Jersey and we are doing everything possible to combat the organized crime influence in Atlantic City.

We have been successful in preventing the takeover of the security guard unions in Atlantic City and we will continue to work for the removal of all organized crime interests from unions of the Casino Industry.

Thank you Mr. Chairman. That completes my statement.

PREPARED STATEMENT OF ROBERT M. McKEE

SPECIAL AGENT IN CHARGE
U.S. DEPARTMENT OF LABOR
OFFICE OF INSPECTOR GENERAL
OFFICE OF ORGANIZED CRIME AND RACKETEERING
PHILADELPHIA, PENNSYLVANIA

REGARDING

PROFILE OF ORGANIZED CRIME:
MID-ATLANTIC REGION

FEBRUARY 23, 1983

Mr. Chairman and members of the Subcommittee, I am pleased to have the opportunity of appearing here today. My name is Robert Mc Kee. I am currently employed by the U.S. Department of Labor, Office of Inspector General as Special Agent in Charge of our Philadelphia Office of Organized Crime and Racketeering. Prior to the Department of Labor, I was employed by the Internal Revenue Service (I.R.S.) for approximately 12 1/2 years. While at I.R.S. I was a supervisor of 15 Special Agents and was the I.R.S. Representative to the Organized Crime Strike Force. The majority of my 16 1/2 years of federal service has involved conducting and managing major Organized Crime investigations. I have a degree in Accounting from Villanova University and a Master's Degree in Criminal Justice from West Chester State College. Over the past several years, I have organized and presented one week courses on how to conduct complex financial investigations to Federal, State and Local Law Enforcement Agencies.

My testimony is based on information secured from numerous sources, such as: investigations conducted by our office; confidential informants; Reports of the Pennsylvania Crime Commission; information obtained from Federal, State and Local law enforcement agencies; published news articles, and; federal court documents.

Since other individuals appearing before this Subcommittee will be detailing information relating to Organized Crime in general, I will limit my statement to two areas:

I. Organized Crime's influence in the labor unions in the Philadelphia area, and

II. Labor leasing and it's relation to Organized Crime.

I. Organized Crime's Influence In The Labor Unions In The Philadelphia Area

A. An Overview of Organized Crime As It Relates To Labor Racketeering

Numerous definitions have been made for the term "labor racketeering", therefore, for purposes of this statement, I will define labor racketeering as, the use of unions and/or union funds for personal profit and/or power.

Information contained in the following pages of this statement verifies that labor racketeering continues to be a primary source of power and profit to Organized Crime. As you will see from my statement and others presented to this Subcommittee, Organized Crime continues to use violence, extortion, corrupting of public officials, and other old methods of operation in order to accomplish their goals. However, it should also be noted that Organized Crime is becoming more sophisticated and complex in nature: this is exemplified by the labor leasing scheme outlined in this statement. To give you a current idea of the Organized Crime/labor racketeering problem in the Philadelphia area, it would be best to start with what's been happening in Atlantic City over the past several years.

Since the inception of legalized gambling in Atlantic City in 1978 there has been a struggle for power in Atlantic City. Historically, the Philadelphia La Cosa Nostra (LCN) family, under the late Angelo Bruno, controlled illegal activities in Atlantic City. Naturally, when gambling was legalized, Bruno felt he should continue this control. Power within the labor unions was a key element in maintaining control: the labor unions initially controlled how fast these casinos could be built, and after they were built, the unions controlled the casinos' workforce. At either the building or operating stages, the unions could slow down or stop work on or in the casinos - each day of stoppage or slowdown would cost the casinos millions of dollars.

John Mc Cullough, deceased head of the Roofers Union in Philadelphia, has been described by many reports as one of the most powerful union leaders in the Philadelphia area in the past decade. He had strong ties to both Organized Crime and politics. Mc Cullough's Roofers Union members have a long, documented history of violence and have been the "goons" for the labor unions in the Philadelphia area.

It was John Mc Cullough who made the initial attempt to take a stronghold in the unions in Atlantic City. In September, 1977, Mc Cullough's Local Union 30 took over control of Roofers Union, Local 230, which had jurisdiction in Atlantic City. Subsequently, Mc Cullough's union was involved in the formation of a Security Guards Union (Local 40B) in Atlantic City, and from there attempts were made to move in on the casino employees' unions, which included the Hotel, Restaurant, and Bartenders Union, Local 54.

On March 21, 1980, Angelo Bruno was murdered, and Philip Testa took over as new head of the Philadelphia L.C.N. family. Bruno's two decades of reign of the Philadelphia L.C.N. family was free of violence, but his death and Testa's succession led to a violent struggle for power.

Testa disliked Mc Cullough and sent out warnings to Mc Cullough to stay out of Atlantic City. Mc Cullough ignored these warnings, and on December 16, 1980 he was shot to death in his home. Willard Moran, an organized crime associate from South Jersey, was convicted of murdering Mc Cullough. In return for not being sentenced to death, Moran turned government witness and implicated Raymond Motorano, a high ranking Philadelphia L.C.N. member, and Albert Daidone, former Vice President of Local Union 54 in Atlantic City, as the individuals who hired him to kill Mc Cullough.

Since Bruno's murder in March, 1980, there have been seventeen (17) gangland style killings and several attempted murders of Philadelphia L.C.N. members and associates. Details regarding these murders and the on-going struggle for power in the Philadelphia/Atlantic City areas will be detailed by other persons appearing before this Subcommittee.

In order to demonstrate Organized Crime's influence in the labor unions in the Philadelphia area, the following Sections (B through D) will analyze some of the unions which have had officials indicted and/or convicted in recent years.

B. Roofers Union, Local 30/30B

As stated in the previous section, this union has a history of labor union violence. John Mc Cullough was President and the main force in this union. Mc Cullough was also President of the Philadelphia Building and Construction Trades Council. The following are some of the criminal activities by members or associates of the Roofers Union and Building and Trades Council:

(1) In November, 1971 employees of Skyway All Weather Crete Company were beaten for refusing to put Local Union 30 roofers on their payroll when they were not actually needed to perform any work. As a result of threats and beatings, the company put three roofers on their payroll, and these roofers did little or no work: one of the individuals put on the payroll was David Mc Cullough, John's younger brother. As a result of this extortion, John Mc Cullough and four other Roofers Union members were indicted: these individuals were subsequently acquitted in a two week federal trial in 1977.

Skyway All Weather Crete Company offices are located in Troy, New York. Robert Pritchard, Skyway's operations manager, said that he was told by a union official that if he came back to Philadelphia he would not leave alive. Pritchard believed this threat and publicity stated that, "they (the roofers) taught me one thing - stay the hell out of Philadelphia."

(2) In mid-1971 several non-union employees working at the Olde Sproul Shopping Center Construction site in Springfield, Pennsylvania were severely beaten and injured by eighteen men, which included several members of the Local 30 Roofers. The day after this assault, one of the attacker's dead body (Logan Kennerly) was found with a bullet wound in the head. A witness stated that Kennerly was killed by Robert Costa, a Roofers' Union member, because he (Kennerly) did not approve of Costa's use of a baseball bat to beat non-union employees (Kennerly felt such a beating could result in death). Costa was arrested for Kennerly's murder, but was acquitted after two trials (The first trial resulted in a mistrial).

(3) During construction of the Valley Forge Sheraton Hotel in the summer of 1972 by a non-union contractor, approximately $400,000 worth of damage was done by pickets at the job site. Twenty-three individuals were arrested during rioting by the pickets, and twenty of these individuals were subsequently convicted on various state charges (one of the trials was interrupted by a bomb scare). Many of the individuals arrested were members of the Roofers Union. At a subsequent incident, Steven Traitz, business agent for the Roofers Union, was arrested for assaulting the above non-union contractor, J. Leon Altemose.

(4) In early 1972, employees of Kitson Brothers Roofing Co. in Hatfield, Pennsylvania rejected joining Roofers Local Union 30. Shortly thereafter, eight of their company's trucks were set on fire and several of their employees were beaten.

(5) In December, 1974, a non-union roofing company's equipment (I. Alper Roofing Company) was set on fire, and damage was estimated at $25,000. The company's equipment was dynamited on a previous occasion. Three Roofers Union members were subsequently arrested for disorderly conduct when they were involved in a dispute at an Alper work site.

(6) In November, 1975, four Local 30 members were arrested for beating 2 non-union roofers from Hargrove Roofing Company in Cherry Hill, N.J. Hargrove's office had previously been firebombed. Charles Ford, one of the four roofers arrested in the Hargrove assault, was shot to death in June, 1976 during an argument with another Roofers Union member.

(7) In December, 1982, William R. Stearn, Former President and Business Agent for Local 30, was named in an Indictment which involved over $982,000 in unreported federal taxes.

As indicated in the previous section, Mc Cullough's reign ended with his murder on December 16, 1980.

C. The Teamsters Union

This section will be summarized by Teamster Local Numbers:

(1) Teamster Local 107 - this local was one of the major subjects of hearings by this Subcommittee under the leadership of Senator John Mc Clellan. The "Mc Clellan Committee" concluded in 1959 that this local was in "the hands of a group of greedy and unscrupulous officers" who controlled the union by "intimidation, threats and violence". In 1967, a U.S. Department of Justice official labled Local 107 as "one of the most corrupt unions in the country."

In August, 1967, Robert De George was shot and killed outside Local 107's union hall in Philadelphia. De George was running for a Local 107 union office post and was campaigning to clean up the Local. One of the individuals indicted in the De George murder was Francis "Frank" Sheeran (Sheeran, President of Teamster Local 326, is discussed in a later section of this report). The charges against Sheeran were later dismissed because the court ruled that he had been denied a speedy trial.

As a result of law enforcment agencies investigating the Philadelphia Teamsters in the 1960's, the International Teamsters Organization in 1966 divided Local 107 into six smaller Locals because Local 107 was considered too large and too corrupt. The resultant six Locals were: 107, 158, 326, 500, 513, and 676. Officers of some of these splintered Locals have since been indicted or implicated in labor law violations, and these instances will be presented in sections to follow.

Intelligence sources reveal that Local 107 is currently trying to reconsolidate some Locals and re-establish it's power. Joseph Cimino, President of Local 107, was recently observed, by agents of the Pennsylvania Crime Commission, meeting with major Philadelphia L.C.N. figures.

Some of the other Local 107 past members who have achieved notoriety are: In 1979, Louis "Buttons" Bottone", President and/or Business Agent of Local 107 from 1972 to 1977, was charged in a Federal R.I.C.O. Indictment, along with Frank Sheeran, with murder and attempted murder (They were both acquitted on these charges); Nicholas Fidelibus, previously employed as a Local 107 union "checker" and a suspected hit-man for the mob, was convicted in 1975 of federal narcotics charges, and in 1982 he was convicted on extortion charges; Joseph Mc Greal, former 107 member, was convicted in 1970 for demanding kickbacks to insure labor peace (he was fatally shot in 1973 shortly after being released from prison); In 1971 Herman Muller, Secretary - Treasurer of splinter Local 158, and Raymond Oates, president of Local 158, were convicted of demanding kickbacks while holding union office; Joseph "Chickie" Ciancaglini, implicated with Sheeran in the De George murder (later acquitted), was recently identified in federal court documents as a "Capo" in the Philadelphia L.C.N. family.

(2) Teamsters Local 326, Wilmington, Delaware - Frank Sheeran was President of this union from 1970 until his labor racketeering/RICO conviction in October, 1981 (details of this conviction are covered later in this report). Sheeran is a close associate of Russell Bufalino, head of the L.C.N. family in Northeastern Pennsylvania, and testimony during Sheeran's labor racketeering trial in 1981 revealed that Sheeran split illegal payoffs with Bufalino.

As mentioned previously, Sheeran was indicted for the 1967 De George murder, and was indicted in 1979 under the RICO statute for murder and attempted murder. Sheeran was also convicted in 1982 on state arson charges.

Also in August, 1981, Joseph B. Schafferman, Recording Secretary and Vice President for Local 326, was convicted of assault charges. The conviction resulted from Schafferman and Frank Sheeran conspiring to have Charles Allen beat Donald M. Emenheiser, Vice President of Hiab Cranes and Loader Corporation in Newark, Delaware. Hiab Cranes was in the mist of a labor dispute at the time of the planned assault. Schafferman recommended to Allen that he use a baseball bat to break Emenheisers' kneecaps.

(3) Teamsters Local 676, Camden, New Jersey - During the Sheeran RICO trial in October, 1981, a witness testifying about union payoffs stated that John Greeley, President of Local 676, received an illegal payoff from Robert Boffa (details are in subsequent section under Eugene Boffa).

(4) Teamsters Local 500, Philadelphia - According to Charles Allen, Frank Sheeran was displeased with Local 500's Secretary - Treasurer, William Brown, in 1976, therefore, Sheeran hired Allen to kill Brown. Allen said that he did not carry through with the plan to kill Brown because, at the time, he had just been scolded by Angelo Bruno for executing another contract murder (Robert "Bobby" Marino) without his (Bruno's) sanction.

On October 26, 1982, William O'Farrell, President of Local 500, was indicted for receiving an illegal payoff from a potential employer in order to stop an organizing drive.

(5) Teamsters Local 513, Philadelphia - In 1972, Joseph Wajcik, a Teamster Official, was murdered. Prior to his death, Wajcik claimed that Nick Franks, President of Local 513, received $25,000 from corporate officials to accomodate a "sweetheart" contract (per a published report). Allegations have been received from other sources relating to "sweetheart" contracts by officers of Local 513.

In 1976, Teamster Local 596's union hall was fire-bombed. Charles Allen testified that he was the one who "torched" the union hall, and did so at the request of Frank Sheeran. In 1976, Locals 596 and 513 merged and each union was attempting to be the dominant force in the merger. Local 596 had a newer and better union hall and was seeking to make their building the new location for the merged unions: Larry Thomas, President of Local 513, preferred his union hall be used and made a request to Sheeran to take care of 513's hall - the arson followed shortly after this request.

(6) Teamsters Local 830, Philadelphia, - Gordon Grubb, Former President of I.B.T. Joint Council 53 and Secretary-Treasurer of Local 830, was convicted in 1979 of bank fraud stemming from a loan that was fraudulently obtained from the Local's credit union. In 1981, he pled guilty to making false reports to the D.O.L. and income tax violations: the tax violations stemmed from a kickback scheme involving the Locals business agents. Vincent Improto, who succeeded Grubb as Secretary - Treasurer of Local 830, was convicted in 1982 of signing false financial reports with the D.O.L. At a second trial, this conviction was reversed.

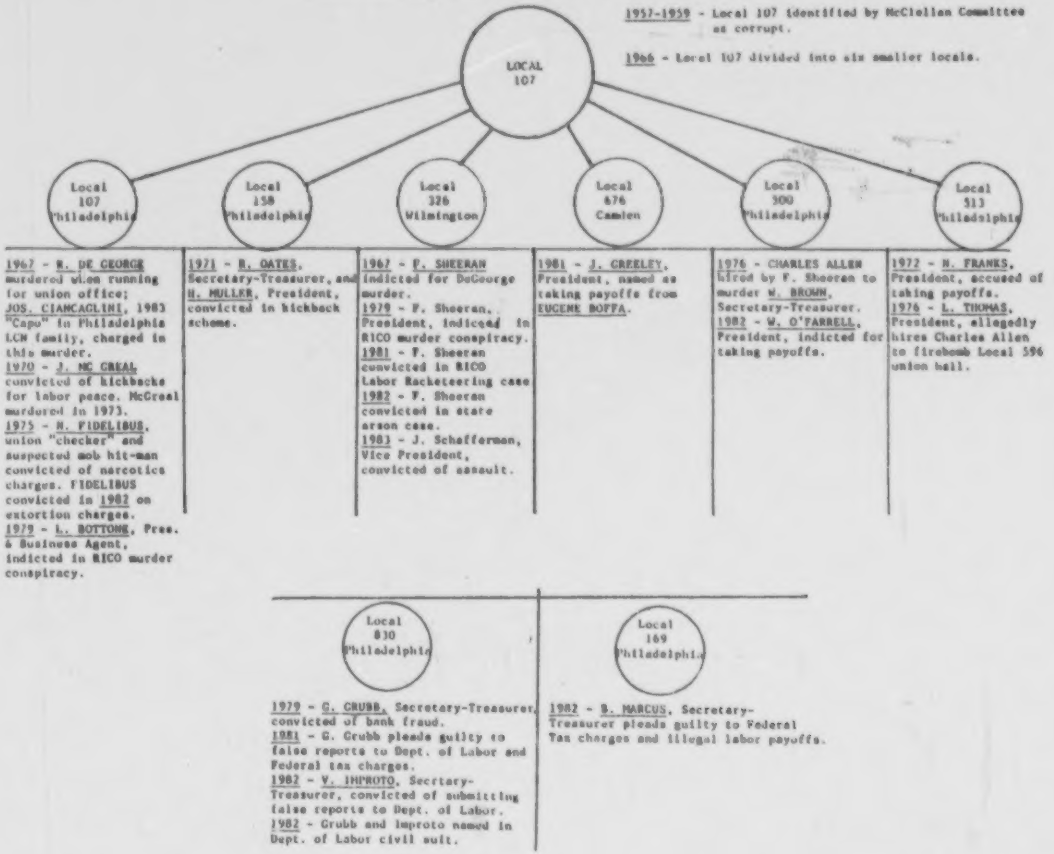
In 1982 Grubb and Improto were named as defendants in a civil suit filed by D.O.L. charging fiduciary breaches in the operation of Local 830's Severance Trust Fund. Larry Smith, Administrator for this Fund, was also named as a defendant in this suit: Smith's association with organized crime figures has been documented by several law enforcement agencies.

Improto has been identified as the liaison person for an arson committed by Michael Morrone, an L.C.N. figure in Philadelphia.

(7) Teamsters Local 169, Philadelphia - In June, 1982 Bernard Marcus, Secretary-Treasurer for Local 169, was indicted, and he subsequently pled guilty to income tax charges and illegal payoffs from employers. He was charged with receiving over $300,000 in cash payoffs from area employers over the last 28 years.

The chart on the following page gives an overview of union corruption within some of the Teamster Locals in the Philadelphia area.

CRIMINAL ACTIVITES OF SOME PHILADELPHIA AREA TEAMSTER LOCALS



1957-1959 - Local 107 identified by McClellan Committee as corrupt.

1966 - Local 107 divided into six smaller locals.

Local 107 Philadelphia

1967 - R. DE GEORGE murdered when running for union office; JOS. CIANCAGLINI, 1983 "Capo" in Philadelphia LCN family, charged in this murder.
1970 - J. MC GREAL convicted of kickbacks for labor peace. McGreal murdered in 1973.
1975 - N. FIDELIBUS, union "checker" and suspected mob hit-man convicted of narcotics charges. FIDELIBUS convicted in 1982 on extortion charges.
1979 - L. BOTTONE, Pres. & Business Agent, indicted in RICO murder conspiracy.

Local 158 Philadelphia

1971 - R. OATES, Secretary-Treasurer, and H. MULLER, President, convicted in kickback scheme.

Local 326 Wilmington

1967 - F. SHEERAN indicted for DeGeorge murder.
1979 - F. Sheeran, President, indicted in RICO murder conspiracy.
1981 - F. Sheeran convicted in RICO Labor Racketeering case
1982 - F. Sheeran convicted in state arson case.
1983 - J. Schafferman, Vice President, convicted of assault.

Local 676 Camden

1981 - J. GREELEY, President, named as taking payoffs from EUGENE BOFFA.

Local 300 Philadelphia

1976 - CHARLES ALLEN hired by F. Sheeran to murder W. BROWN, Secretary-Treasurer.
1982 - W. O'FARRELL, President, indicted for taking payoffs.

Local 513 Philadelphia

1972 - N. FRANKS, President, accused of taking payoffs.
1976 - L. THOMAS, President, allegedly hires Charles Allen to firebomb Local 596 union hall.

Local 830 Philadelphia

1979 - G. GRUBB, Secretary-Treasurer, convicted of bank fraud.
1981 - G. Grubb pleads guilty to false reports to Dept. of Labor and Federal tax charges.
1982 - V. IMPROTO, Secrtary-Treasurer, convicted of submitting false reports to Dept. of Labor.
1982 - Grubb and Improto named in Dept. of Labor civil suit.

Local 169 Philadelphia

1982 - B. MARCUS, Secretary-Treasurer pleads guilty to Federal Tax charges and illegal labor payoffs.

E. SUMMATION

There are other unions in the Philadelphia area, such as the Hotel and Restaurant Employees Union, the Carpenters Union, and the Plumbers Union, that have had officers involved in criminal acts and/or associated with organized crime figures. There are also those union officials who haven't yet been caught, but for the sake of brevity, I feel we can safely assert that the previously cited examples clearly demonstrate that labor racketeering continues to be a significant source of income and power to organized crime. It can also be stated that once Organized Crime establishes itself within a particular union or other type of business entity, it is difficult to break this evil stronghold: this is demonstrated by the unsuccessful attempt to purge Teamsters Local 107 of its' corruption by breaking the union into six smaller Locals. Organized Crime's influence in the labor unions ranges from total dominance of a particular Local to no control at all within other Locals.

In fairness, I feel the record should reflect that most unions have good reputations and union officials who conscientiously fulfill their obligations to their members.

Our next general area of discussion is labor leasing and Organized Crime's influence in this business. This is one of the industries which has been infiltrated by Organized Crime in recent years. Our office's investigation of Eugene Boffas' labor leasing companies demonstrates how Organized Crime can creep into an industry and spread its corrupting influence nationwide. This investigation also reveals how sophisticated, "legal" and complex Organized Crime has become.

II. Labor Leasing And Its' Relation To Organized Crime

A. Background

In October, 1978 when the U.S. Department of Labor, Office of Inspector General, Office of Organized Crime and Racketeering was formed, the Philadelphia Office of Labor Managment Service Administration was investigating business dealings between Eugene Boffa, Sr., and Frank Sheeran, President of Teamsters Local 326 in Wilmington, Delaware. This investigation was initiated as a result of information secured that Frank Sheeran was in the area when James "Jimmy" Hoffa disappeared. The car Sheeran was driving at that time belonged to one of Eugene Boffas' automobile leasing companies. It was later learned that Boffa (a convicted bank embezzler from Northern New Jersey) operated labor leasing companies throughout the United States, and some of these companies had collective bargaining agreements with Frank Sheeran's union.

This investigation was taken over by the newly organized Department of Labor O.O.C.R. Special Agents and was expanded nationwide under the direction of the Philadelphia Office of Organized Crime and Racketeering. The investigation uncovered that Boffa owned or controlled over 30 labor leasing companies throughout the country. These companies were located in Pennsylvania, New Jersey, Florida, Massachusetts, Virginia, California, Illinois, Ohio, New York, Missouri and Texas, as well as a corporation in Canada and two in Puerto Rico. These labor leasing companies had contracts with major corporations throughout the U.S., such as: Shell Oil Co., Continental Can Co., Coca Cola Company, Crown Cork and Seal, Iowa Beef Co., American Cyanamid Co., Crown Zellerback Co., International Paper Co., Mobil Chemical Co., and others. Boffas' companies earned several million dollars in revenue each year.

This investigation was worked jointly with the Philadelphia Department of Justice, Organized Crime Strike Force and was conducted via two Federal Grand Juries. This investigation has been the most significant accomplishment by the Department of Labor, Philadelphia Office of Organized Crime and Racketeering, and it consumed the full time efforts of three other Special Agents and myself for a period of 3 years (the office only has 6 Special Agents including the Special Agent in Charge).

B. Scheme

Eugene Boffa, through one of his labor leasing companies, would contract with a major corporation to take over as the employer for a particular group of their employees, usually truck drivers who were members of a Teamsters union. In many instances' the companies that contracted with Boffa did so because they were having labor problems with their drivers (evidence was secured to show that in some instances these labor problems were actually instigated by Boffa's people, and part of his selling point to a corporation would be guaranteeing labor peace). In addition to being guaranteed labor peace, corporations who contracted with Boffa no longer had the responsibility of dealing with these drivers. Boffa's charge to the corporations would usually be seven to ten percent of the gross wages, but in many cases, the contract with Boffa's labor leasing company would not result in additional costs because Boffa would reduce the drivers' hourly wages and cut their benefits. The labor leasing companies usually had the option of hiring whomever they wanted, and as a result the dissident drivers were not rehired when Boffa's company took over as the new employer. If, after a period of time, the drivers caused labor unrest because of their below scale wages or reduced benefits, Boffa would terminate his leasing contract with the affected corporation (he could do this with 30 days written notice). At the same time Boffa's leasing company would be terminating their contract, a new labor leasing company would appear on the scene and begin taking job applications. If the new labor leasing company was owned or controlled by Boffa, it would have had to hire the same drivers and give them the same wages and benefits (this is referred to as the "alter ego" theory and is supported under provisions of the National Labor Relations Act). Therefore, the new labor leasing company, which was actually controlled by Boffa, would have a "straw" party as the alleged owner. This would allow the successor labor leasing company to not rehire dissident drivers, and in some cases lower the drivers wages and benefits even further.

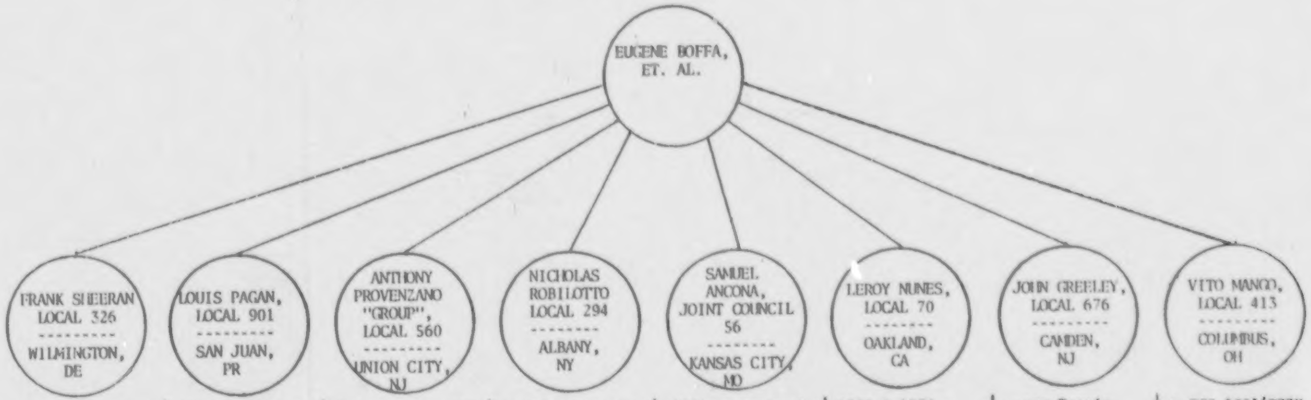
The question then arises, why didn't the union officials protect their membership? The investigation disclosed that many union officials (mostly Teamsters) did not raise any protest because they were being paid off by Boffa. Courtroom testimony and/or documents allege that the following union officials received cash or other forms of payoffs from Eugene Boffa or someone representing him:

UNION OFFICER	TEAMSTERS LOCAL NUMBER	LOCATION
1. Francis "Frank" Sheeran	326	Wilmington, DE
2. Louis Pagan	901	San Juan, P.R.
3. Anthony Provenzano	560	Union City, New Jersey
4. Nunzio Provenzano	"	
5. Salvatore Provenzano	"	
6. Salvatore Briguglio	"	Union City, New Jersey
7. Gabriel Briguglio	"	
8. Nicholas Robilotto	294	Albany, N.Y.
9. Samuel Ancona	Joint Council 56	Kansas City,MO
10. Leroy Nunes	70	Oakland, CA
11. John Greeley	676	Camden, N.J.
12. Vito Mango	413	Columbus, Ohio

Travis Dumas, former President of Teamsters Local 39, Miami, Florida, testified that he was offered and rejected a car and cash from Robert Boffa, Eugene Boffa's son, in return for letting Boffa's labor leasing scheme invade his union. In our investigation, Dumas was one of the few Teamster Officials who was willing to cooperate with us. Dumas ran for his Teamster's union office as a result of a close friend of his being murdered during a union campaign.

The chart on the following page gives an overview of union officials who received illegal payments in this labor leasing scheme and some details concering criminal activities by these individuals.

ILLEGAL PAYMENTS TO TEAMSTER UNION OFFICIALS IN LABOR LEASING SCHEME, AND ILLEGAL ACTIVITIES BY THESE OFFICIALS


EUGENE BOFFA, ET. AL.
FRANK SHEERAN LOCAL 326 --------- WILMINGTON, DE
LOUIS PAGAN, LOCAL 901 --------- SAN JUAN, PR
ANTHONY PROVENZANO "GROUP", LOCAL 560 --------- UNION CITY, NJ
NICHOLAS ROBILOTTO LOCAL 294 -------- ALBANY, NY
SAMUEL ANCONA, JOINT COUNCIL 56 -------- KANSAS CITY, MO
LEROY NUNES, LOCAL 70 -------- OAKLAND, CA
JOHN GREELEY, LOCAL 676 --------- CAMDEN, NJ
VITO MANGO, LOCAL 413 --------- COLUMBUS, OH

1967 - indicted for murder. 1979 - indicted in RICO murder conspiracy. 1981 - convicted in RICO Labor Racketeering case for taking payoffs (vehicles and cash) from Boffa (split illegal profits with Russell Bufalino). 1982 - convicted of arson.	1975 - received furniture from Boffa.	1973, 1974 - members of "Group" received cash (in excess of $165,000) and a car from Boffa. - Anthony Provenzano is alleged "Capo" in Genovese LCN family. - "Group" suspect in Hoffa disappearance. - Anthony Provenzano has convictions for murder, Hobbs Act extortion and RICO Labor Racketeering.	1973 & 1975 - received two vehicles from Boffa. 1969 - convicted on assault charges. 1974 - indicted on criminal contempt charges. 1982 - plead guilty to federal tax charges (as a result of tax and labor violations indictment).	1974 - received a vehicle from Boffa. (Published reports allege that Ancona is the link between Nicholas Civella, LCN, and Roy Williams, Pres., IBT).	1975 & 1976 - leased vehicle paid for by Boffa 1979 - indicted for Taft-Hartley violation (charges later dismissed).	- per Travis Dumas, received a vehicle from Boffa.	- per testimony in Boffa trial, received a leased vehicle from Boffa in 1975 and 1976.

FOOTNOTE: TRAVIS DUMAS, Local 390, Miami, FLA, was offered and refused a car and cash from ROBERT BOFFA.

C. Legal Actions

In July, 1980, in the Judicial District of Delaware, Eugene Boffa, Sr., Francis Sheeran, Louis Kalmar, Sr. (busines partner of Boffa), Robert Boffa, Chandler Lemon (front man for Boffa's corporations), David Mishler (front man for Boffa's corporations) and Robert Rispo (labor relations/"strong-arm" for Boffa's corporations) were indicted and charged with violations of the Federal RICO statute, Mail Fraud, Taft Hartley Violations (payoffs to union officials) and Obstruction of Justice. The Indictment could have included more defendants and criminal offenses, but because of the complex financial manipulations, the large number of corporate entities involved, the varied locations of potential defendants and witnesses, and other legal and practical considerations, the Indictment was pared down to a degree where it could logically be presented and understood by a jury. The Indictment resulted in several weeks of pretrial hearings and two trials which took over six weeks to conduct.

Over 50 witnesses from throughout the U.S. were called to testify, and Department of Labor Special Agents prepared and presented charts which summarized some of the corporations involved in the RICO "Enterprise" and some of the complicated financial manipulations by Boffa. Attachment Number 1 to this report is a chart showing the corporate components of the criminal RICO "Enterprise" in this case. Attachment Number 2 is a chart which demonstrates how Boffa would "launder" funds through a fictitious corporate bank account, in order to generate cash to individuals or business entities involved in this illegal scheme. Testimony from Robert Rispo, defendant turned government witness, and Charles Allen, ex-mob hit-man turned government informant, revealed that Eugene Boffa and Frank Sheeran had to split their illegal profits with Russell Bufalino, head of the L.C.N. family in Northeastern Pennsylvania.

During the Sheeran trial, Charles Allen testified that he was hired by Sheeran as a union organizer. After Allen turned government informant in 1978, he secretly recorded conversations with several Organized Crime figures such as Frank Sheeran. During one recorded conversation in February, 1979, Sheeran was discussing putting a Boffa labor leasing company into Haddon Foods Company, and this involved securing a Collective Bargaining Agreement with a union other than the Teamsters. When Allen questioned Sheeran about his union members not getting the contract at Haddon Foods, Sheeran showed his "loyalty" to his members by responding, "the hell with my union".

Of the seven defendants charged in the Indictment, Robert Rispo pled guilty to one Count of the Federal RICO statute and became a government witness, David Mishler was severed for a separate trial and testified for the government (resulted in the charges against him being dropped), and the remaining five defendants were all found guilty. Each defendant received a substantial sentence: Eugene Boffa was sentenced to 20 years in prison and fined $47,000; Frank Sheeran was sentenced to 18 years in jail and fined $27,000; Robert Boffa was sentenced to 12 years and fined $24,000; Louis Kalmar was sentenced to 10 years in prison and fined $20,000; Chandler Lemon was sentenced to 8 years in prison and fined $8,000, and; Robert Rispo received 5 years probation. In addition, 9 corporations (eight labor leasing companies and one automobile leasing company) were forfeited to the government and Sheeran was made to forfeit his union position as President of Local 326. The Third Circuit Court of Appeals upheld the convictions of Eugene Boffa, Frank Sheeran and Louis Kalmar, but overturned the convictions of Robert Boffa and Chandler Lemon on a legal technicality involving how part of the mail fraud charges were made (portion relating to use of the National Labor Relations Act for the mail fraud statute). Robert Boffa and Chandler Lemon will be retried in March, 1983.

Chief Judge James Latchum, in his published Opinion in this case, stated that the criminal RICO "Enterprise" charged in this case had the principle goal of subverting two legitimate union locals and nine legitimate labor leasing and vehicle leasing corporations; that this Indictment sought to validate what all conceive as the primary purpose of the RICO statute, that is, the prevention of the infiltration of legitimate businesses by racketeers.

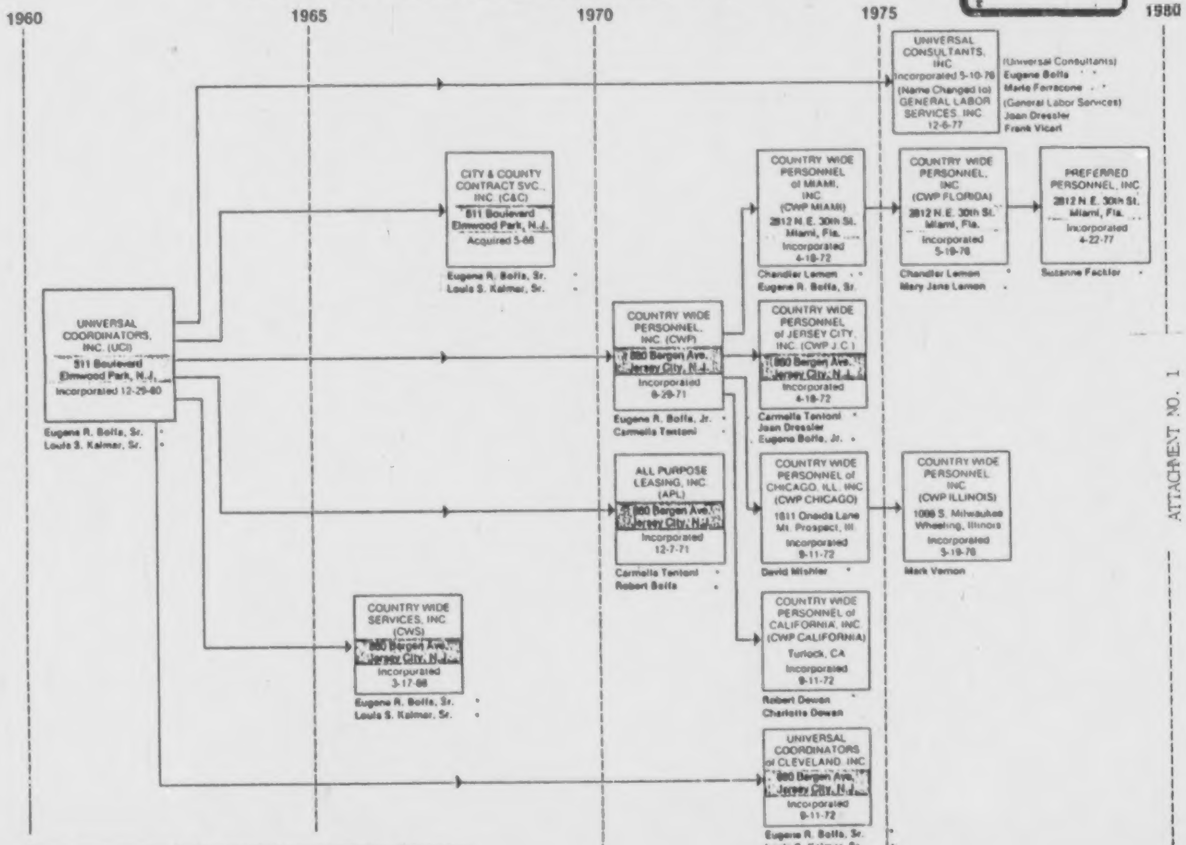
Conclusion

In conclusion, I would like to quote a recent newspaper editorial (Philadelphia Inquirer, January 23, 1983) which was generated by the recent gang-land slaying of Allen M. Dorfman and Dorfman's mammoth financial gyrations with the Teamsters Union and organized crime. The comments from this editorial succinctly reflect my feelings towards organized crime: "If there is a single cancer that more fatally threatens the domestic health and security of American democracy then Organized Crime, no one has yet convincingly named it - except perhaps those who, in service to the mob itself, deny or ignore that it exits."

The human and economic impact of Organized Crime is mind-boggling. We must strive to keep up with the advances and new influences of Organized Crime. If we do not, we are doing a great disservice to this country.

Corporate Components of the Enterprise* and Names of All Officers from Bank Corporate Resolutions

GOVERNMENT
EXHIBIT
136

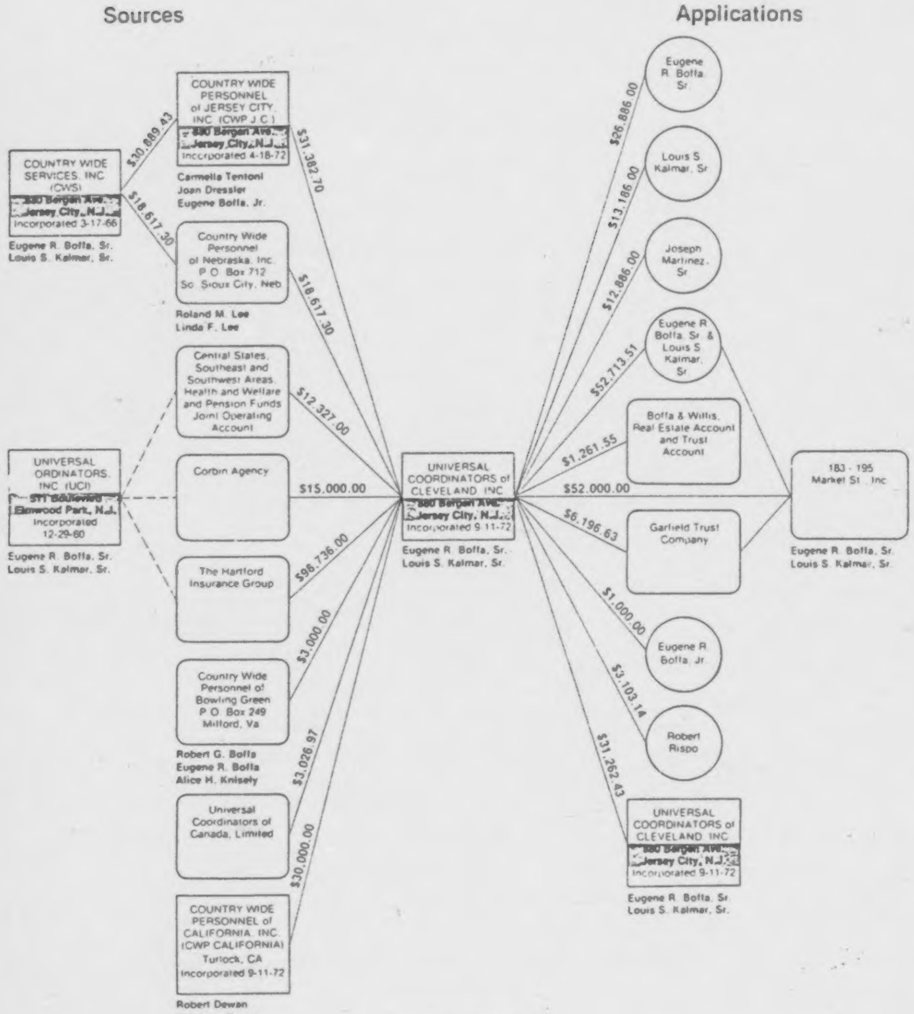

1960
1965
1970
1975
1980
UNIVERSAL COORDINATORS, INC. (UCI)
511 Boulevard
Elmwood Park, N.J.
Incorporated 12-29-60
Eugene R. Bolla, Sr. *
Louis S. Kalmar, Sr. *
CITY & COUNTY CONTRACT SVC., INC. (C&C)
511 Boulevard
Elmwood Park, N.J.
Acquired 5-68
Eugene R. Bolla, Sr. *
Louis S. Kalmar, Sr. *
COUNTRY WIDE SERVICES, INC (CWS)
880 Bergen Ave.,
Jersey City, N.J.
Incorporated 3-17-68
Eugene R. Bolla, Sr. *
Louis S. Kalmar, Sr. *
COUNTRY WIDE PERSONNEL, INC. (CWP)
880 Bergen Ave.,
Jersey City, N.J.
Incorporated 6-29-71
Eugene R. Bolla, Jr. *
Carmella Tentoni *
ALL PURPOSE LEASING, INC (APL)
880 Bergen Ave.,
Jersey City, N.J.
Incorporated 12-7-71
Carmella Tentoni *
Robert Bolla *
COUNTRY WIDE PERSONNEL of MIAMI, INC (CWP MIAMI)
2812 N.E. 30th St.
Miami, Fla.
Incorporated 4-18-72
Chandler Lemon *
Eugene R. Bolla, Sr.
COUNTRY WIDE PERSONNEL of JERSEY CITY, INC. (CWP J.C.)
880 Bergen Ave.,
Jersey City, N.J.
Incorporated 4-18-72
Carmella Tentoni *
Joan Dressler
Eugene Bolla, Jr. *
COUNTRY WIDE PERSONNEL of CHICAGO, ILL. INC (CWP CHICAGO)
1811 Oneida Lane
Mt. Prospect, Ill
Incorporated 9-11-72
David Mishler *
COUNTRY WIDE PERSONNEL of CALIFORNIA, INC. (CWP CALIFORNIA)
Turlock, CA
Incorporated 9-11-72
Robert Dowen *
Charlotte Dowen
UNIVERSAL COORDINATORS of CLEVELAND, INC
880 Bergen Ave.,
Jersey City, N.J.
Incorporated 9-11-72
Eugene R. Bolla, Sr. *
Louis S. Kalmar, Sr. *
UNIVERSAL CONSULTANTS, INC
Incorporated 5-10-76
(Name Changed to) GENERAL LABOR SERVICES, INC 12-6-77
(Universal Consultants)
Eugene Bolla *
Mario Ferracone *
(General Labor Services)
Joan Dressler
Frank Vicari
COUNTRY WIDE PERSONNEL, INC (CWP FLORIDA)
2812 N.E. 30th St.
Miami, Fla.
Incorporated 5-19-76
Chandler Lemon *
Mary Jane Lemon *
PREFERRED PERSONNEL, INC
2812 N.E. 30th St.
Miami, Fla.
Incorporated 4-22-77
Suzanne Fechter *
COUNTRY WIDE PERSONNEL INC (CWP ILLINOIS)
1000 S. Milwaukee
Wheeling, Illinois
Incorporated 3-19-76
Mark Vernon

* Information Obtained From Bank Corporate Resolutions and Certificates of Incorporation.

ATTACHMENT NO. 1

Universal Coordinators of Cleveland, Inc.
Sources and Applications Funds, National Bank of North America Account #2121-90-7817

GOVERNMENT
EXHIBIT
134


Sources
Applications
COUNTRY WIDE SERVICES, INC (CWS)
880 Bergen Ave.
Jersey City, N.J.
Incorporated 3-17-66
Eugene R. Boffa, Sr.
Louis S. Kalmar, Sr.
$30,889.43
$18,617.30
COUNTRY WIDE PERSONNEL of JERSEY CITY, INC (CWP J C)
880 Bergen Ave.
Jersey City, N.J.
Incorporated 4-18-72
Carmella Tentoni
Joan Dressler
Eugene Boffa, Jr.
$31,382.70
Country Wide Personnel of Nebraska, Inc. P O Box 712 So. Sioux City, Neb
Roland M. Lee
Linda F. Lee
$18,617.30
Central States, Southeast and Southwest Areas, Health and Welfare and Pension Funds Joint Operating Account
$12,327.00
UNIVERSAL ORDINATORS, INC (UCI)
511 Boulevard
Elmwood Park, N.J.
Incorporated 12-29-60
Eugene R. Boffa, Sr.
Louis S. Kalmar, Sr.
Corbin Agency
$15,000.00
The Hartford Insurance Group
$96,736.00
Country Wide Personnel of Bowling Green P O Box 249 Milford, Va
Robert G. Boffa
Eugene R. Boffa
Alice H. Knisely
$3,000.00
Universal Coordinators of Canada, Limited
$3,026.97
COUNTRY WIDE PERSONNEL of CALIFORNIA, INC. (CWP CALIFORNIA) Turlock, CA
Incorporated 9-11-72
Robert Dewan
Charlotte Dewan
$30,000.00
UNIVERSAL COORDINATORS of CLEVELAND, INC
880 Bergen Ave.
Jersey City, N.J.
Incorporated 9-11-72
Eugene R. Boffa, Sr.
Louis S. Kalmar, Sr.
$26,886.00
Eugene R. Boffa Sr
$13,186.00
Louis S. Kalmar, Sr
$12,886.00
Joseph Martinez, Sr
$52,713.51
Eugene R Boffa, Sr & Louis S Kalmar, Sr
$1,261.55
Boffa & Willis, Real Estate Account and Trust Account
$52,000.00
183 - 195 Market St., Inc
Eugene R. Boffa, Sr.
Louis S. Kalmar, Sr.
$6,196.63
Garfield Trust Company
$1,000.00
Eugene R Boffa, Jr.
$3,103.14
Robert Rispo
$31,262.43
UNIVERSAL COORDINATORS of CLEVELAND, INC
880 Bergen Ave.
Jersey City, N.J.
Incorporated 9-11-72
Eugene R. Boffa, Sr
Louis S. Kalmar, Sr.

ATTACHMENT NO. 2

PREPARED STATEMENT OF PROFESSOR ALAN A. BLOCK

UNIVERSITY OF DELAWARE

ORGANIZED CRIME AND TOXIC WASTE--A SUMMARY*

Mr. Chairman and members of the Permanent Subcommittee on Investigations, my name is Alan Block and I am an associate professor of Criminal Justice, Sociology, and American Studies at the University of Delaware. For approximately the past ten years, I have been conducting research and writing on the history, sociology, and criminology of organized crime. My particular concentration has been on the New York metropolitan region, although I have done research in Sicily, West Germany, The Netherlands and Denmark.

In 1981 I was doing research on waterfront organized crime when it became apparent that a number of the professional criminals and organized crime syndicates active in the Port were also deeply involved in the toxic waste industry. I subsequently focused my research on this new, to me, area of organized crime involvement. What follows, therefore, is a summary of my research findings. As will be apparent, however, there are still numerous questions to pursue of which probably the most significant concerns the actual extent of organized crime's domination of the toxic waste industry and the accompanying political and criminal justice corruption. I might add, that I presume there is no point in my attempting to establish the general significance of toxic waste disposal as a social, indeed political, issue of enormous magnitude; the health hazards are well known and horrible to contemplate. There are already so many reports and statements concerning environmental degradation and community health deterioration, that anything I could add would, no doubt, be redundant.

---

*Statement prepared for the U.S. Senate, Permanent Subcommittee on Investigations for HEARINGS on February 24, 1983. No part of this statement may be quoted or copied in any manner whatsoever without the permission of the author.

The areas I will cover fall into four general categories: (1) the connections between the solid waste disposal industry and the toxic waste disposal industry; (2) the presence of organized crime in first solid waste and then toxic waste; (3) the appalling overall futility of enforcement efforts concerning organized crime and toxic waste because of a malign combination of ineptitude and corruption; and (4) a few remarks on the potential national dimensions of the problem.

THE WASTE INDUSTRY

In many ways the toxic waste industry is the product of law creation. Prior to the 1970s there was no toxic waste industry as such--there was simply the waste industry within which certain firms may have specialized in hauling and disposing of toxic wastes to the exclusion of other forms of waste. But that type of specialization was not the result of particular technologies, nor the recognition that toxic wastes were inherently dangerous and demanded special treatment. Instead, it resulted simply and unintentionally from market pressures and opportunities to enhance profits. Even though the generators of toxic waste had been aware for quite some time that certain wastes were highly hazardous, they handled these substances, more likely than not, in traditional ways.It took political, indeed ultimately congressional action to define toxic waste disposal as a special field. Only with the general recognition that some waste was highly toxic and should, therefore, be subject to special rules and regulations did a new industry appear. The point is that the toxic waste industry was created primarily by State action, and that evidence indicates that it was and remains a sub-field of the waste industry in general. It appears that solid waste collection and disposal and toxic waste collection and disposal are and have been inextricably linked. It follows, then, that if organized crime is involved in the solid waste industry it is involved equally so in toxics.

Let me give an example, first, of the claim that solid waste firms and toxic waste firms are intimately related. One of the easiest and quickest ways to establish the connection is to glance at SCA Services, Inc. which is one of three of the largest waste service operations in the nation, and has already received a great deal of attention in the House of Representatives. According to Standard and Poor's Corporation Report of July 13, 1981, SCA operates in 32 states and the District of Columbia, and its activities include the collection, storage, transfer, processing, and recovery or disposal of solid or chemical wastes. In its first years of operation in the early 1970s, SCA acquired approximately 130 solid waste companies. In other words, the growth of SCA as well as the other major hazardous waste firms primarily came about by purchasing what were, in effect, garbage businesses. The following was a typical SCA announcement of this practice (located in the files of the New York State Senate Select Committee on Crime):

> BOSTON, Massachusetts, March 23, 1972--SCA Services, a Boston-based company specializing in solid waste management, building maintenance, and security/guard services has acquired two New Jersey solid waste management companies, Industrial Haulage Corp. and Avon Landfill Corp., it was announced today by Berton Steir, SCA President.

The New Jersey-based companies will continue to be managed by the former chief executive officers and owners, Louis Viola and his sons, Thomas C. Viola and Frank F. Viola. In addition to the acquired companies, certain assets of Intercity Service Inc. (also a Viola-owned company) are also being acquired by SCA.

The acquisitions were approved by the Public Utilities Commission of the State of New Jersey. The terms were not disclosed.

It was noted that the Viola family has been engaged in the solid waste disposal business in the State of New Jersey since 1911. In this connection, Intercity Service Inc. provides municipal solid waste management while Industrial provides solid waste disposal for industry. Avon Landfill offers disposal management services.

The three companies combined were noted to have annual sales in excess of $2 million and operate 25 trucks servicing a population in excess of 150,000 in various communities in Northern new Jersey. Intercity Service provides municipal waste collection service to over 70,000 homes. The Viola companies are also considered leaders in private containerized solid waste removal services for Northeastern New Jersey.

According to Congressman Gore in the 1980 House Hearings, the crucial year (at least in New Jersey) when firms had to distinguish between garbage and toxic waste was 1978 when certain state requirements concerning hazardous waste disposal (basically a state licensing system accompanied by a manifest for tracking hazardous waste from generation to final disposal) went into effect. At that time, companies that had been generating both non- and hazardous waste "all of a sudden had to diferentiate between garbage and toxic waste." And it followed, Gore stated, that the disposal companies that "had been disposing of their garbage now had to dispose of their toxic waste as well" (p. 9). In the same House Hearing, one of the witnesses was Harold Kaufman who had unique experience in the toxic waste industry. Kaufman testified on a similar point stating that toxic waste haulers had been and indeed many continued to be traditional garbage haulers. Speaking specifically about New Jersey and the installation of the State's manifest system Kaufman said:

> when they set up the manifest system in New Jersey, the way you got a hazardous waste license to haul was the simplest way in the world. You sent the State of New Jersey $50, they sent you a sticker, for

> everyone that you had on the PUC (Public Utilities Commission). They made every garbageman in New Jersey that wanted to be, or is, because I got a lot of them their licenses, they made them hazardous waste haulers. Nobody checked out if they were qualified, did they know what they were doing, did they know what toxic waste was (p. 12).

Without doubt, there is an inextricable link between the garbage industry in general and toxic waste firms in particular. And, I might add that State action recognizing that toxic waste must be handled in a different manner than traditional garbage did not rectify the environmental situation as planned, but instead compounded the problem by making it vastly more profitable for waste firms to handle toxics. At the same time, obviously, as state action drove the price of handling toxic waste ever higher, small and middle size generators increasingly turned to those firms called "midnight dumpers" which undercut the soaring prices because they merely hauled the toxic waste from the generators and dumped it in streams, fields, sewers, landfills, etc. By defining toxic wastes as a special item with escalating costs, State action made this segment of the waste industry endlessly attractive for garbage firms which had absolutely no facilities for handling toxics; and, forced generators to deal with highly unscrupulous haulers. Ultimately, though, the reasons why State action in the toxic waste area has been so abysmally ineffective, concern the frightening ineptitude and corruption in the whole area of regulation and enforcement. The State created a framework for regulating toxic waste, but, so far, has shown itself both unwilling and incapable of implementing it.

ORGANIZED CRIME AND GARBAGE--NEW YORK

Clearly, toxic waste disposal is a sub-field of the waste industry, and the waste industry itself appears over time to be one of the sub-fields of organized crime. Beginning in the mid-1950s and continuing on since then, evidence detailing the roles of organized crime in waste have been periodically presented. One of the most comprehensive and important presentations of this relationship came in the fall of 1957 when the Senate Select Committee on Improper Activities in the Labor or Management Field, Chaired by Senator John McClellan, held hearings on the private sanitation industry, which in New York at that time did approximately $50 million worth of business annually serving 122,000 individual businessmen and around 500,000 private homeowners. The major point of those hearings was to show that organized crime was constructing "business empires in the private carting industry through a system of monopoly enforced by trade assocations and cooperative labor unions" (p. 6672). In the main, the hearings focused on the activities of organized crime figures and associates, including Vincent J. Squillante, Bernard Adelstein, Joseph Parisi (who though dead in 1956 was important in the construction of the organized crime conspiracy under investigation), and Nick Ratteni.

Most of the testimony concerned Teamster Locals 27 and 813 which were under the domination of organized crime and were instrumental in furthering extortion in and from the private sanitation industry. The Committee concentrated on Yonkers, New York, and Nassau County, Long Island. In Yonkers, the focus was on Westchester Carting Co., which had been directed by Nick Ratteni since 1949. Ratteni had an arrest record stretching back to 1926 and had served a considerable amount of time in Sing Sing Prison. Among Ratteni's associates, it was pointed out, were the notorious Frank Costello, Anthony "Little Augie" Carfano, John Dioguardi, John Biello, and Joseph "Stretch" Stracci.

The Committee shifted attention from Westchester County to Long Island and narrowed in on the notorious Vincent J. Squillante who was the leader of the Greater New York Cartmen's Association and Bernard Adelstein the head of Teamster local 813. The Committee documented the ways in which both Squillante and Adelstein extended their influence into Nassau County, Long Island. Included in this takeover was Squillante's nephew Jerry Mancuso. Chairman McCllelan summarized this portion of the hearings stating that "Not only does Vincent J. Squillante, a hoodlum labor relations man, play a part, but we find that garbage collection industry men banded together in associations which eventually, under Squillante, invoked monopoly and restraint of trade arrangements with a system of punishments for nonconforming members through the use of whip companies" (p. 7021). McClellan stated that Bernard Adelstein who was the Secratary-Treasurer and Business Agent of Local 813, Private Sanitation Workers, worked together with Squillante in the scheme. Adelstein compelled private sanitation firms to join Squillante's trade association, while Squillante induced "the cartmen of the Intercounty Cartmen's Association of Nassau and the Suffolk County Cartmen's Association to join the union, thus increasing the income and power of Bernie Adelstein" (p. 7021).

In his statement concluding the hearings, McCllelan pointed out that "more than 46 hoodlums" were found "connected in one way or another with the carting industry" scrutinized by the Committee. Returning to Squillante, he remarked that he was "the self-styled godson of gangland executioner Albert Anastasia" and that he had no previous experience in anything except the "policy rackets and as a pusher of narcotics." Reiterating the evidence presented, McCllelan said "that Squillante traded on his associations with the underworld and the union to--

(a)Establish himself as the executive director of three separate employer assications.

(b)Force individuals into the various associations and into Local 813, IBT.

(c)Create a monopoly with respect to the collection of garbage and refuse in the Greater New York area.

(d)Uphold and enforce the principle of territorial rights.

(e)Trick the members of these associations into paying his back income taxes" (p. 7022).

Among the firms owned by organized crime figures identified in this investigation were:

Sanitary Haulage Corp. (Anthony Ricci);

Sunrise Sanitation (Carmine Tramunti and Anthony "Tony Ducks" Corallo);

General Sanitation Co. (Nunzio Squillante and Vincent Squillante);

Corsair Carting Co. (Nunzio Squillante and Vincent Squillante);

Westchester Carting Co. (Nicholas Ratteni);

Carters Landfill, Inc. (Vincent Squillante, James Licari, and Joseph "Joey Surprise" Feola);

Jamaica Sanitation Co., Inc. (Gennaro "Jerry" Mancuso, Alfred "Pogy" Toriello, Joseph "Joey Surprise" Feola, Anthony "Little Augie" Carfano, and Frank Caruso).

The continuing involvement of the Squillante family in organized crime and the waste industry was also noted in an Intelligence Report compiled in 1968. At that time the focus was on Nunzio Squillante the brother of Vincent. The report states:

> Nunzio Squillante is the brother of Vincent J. Squillante, alias "Jimmy", who is wanted for bail jumping since March 7, 1961, on charges of Extortion and Attempted Extortion, date of arrest November 22, 1957. Vincent Squillante was last seen on September 30, 1960. Nunzio Squillante was also arrested on November 22, 1957 on an indictment charging Extortion and Attempted Extortion. . . . Testimony before the U.S. Senate Investigations Subcommittee on September 25, 1963 indicates that he was kidnapped and murdered on September 30, 1960. . . . Subject was formerly a principal with . . . Anthony D'Agostino in D and S Service Company. In 1967, D'Agostino and subject were reported organizing a rubbish removal firm called Flannary Towing Corporation, using a tugboat and three steel barges to burn refuse at sea. . . . Information indicates subject and D'Agostino are now operating New England Carting Company, Incorporated, . . . Hartford, Connecticut.

Just as the Squillante family (minus Vincent who had been murdered, of course) continued to influence the waste industry, so too did Ratteni who turned up once again in 1972 when the Newburgh Evening News reported that he was one of the principal organized crime figures attempting to extend racketeer influence in Rockland County over the private sanitation industry. According to reporter John McKeon, the complex situation in 1972 contained the following elements:

> Organized crime, in its effort to carve out a base of operations in the mid-Hudson area, has infiltrated the sanitation business,...
>
> Teamster Official THEODORE G. DALEY recently outlined a series of threats on his life which he feels are connected to a movement to take over sanitation operations on Teamster-manned construction sites.
>
> There is $1.5 billion worth of construction going on in this area, an official of LOCAL 445 said recently. Access to these sites can be lucrative for an illegal operator.
>
> Several sanitation firms are under investigation for suspected links with organized crime.

Basically, the situation in the Newburgh area concerned an attempt on the part of Teamster Local 531 under the direction of Carmine Valenti and with the backing of Samuel Provenzano (brother of Anthony "Tony Pro" Provenzano), and Ratteni to replace Teamster Local 445 which was headed by Daley. Apparently, Daley had led an insurgent movement in the Teamsters in the mid-1950s which successfully ousted an earlier racketeer regime.

In enumerating the sum of Squillante's accomplishments above, Senator McCllelan also described the criminological parameters for racketeering in waste. In almost all cases of industrial racketeering, one finds both corrupt trade associations and trade unions. Control of both employers and workers allows for innumerable methods of enrichment. Moreover, an industry organized in such a fashion is constantly engaged in restraint of trade, price fixing, and other forms of illegal activities. Add to that the fact that organized crime figures also owned firms in the waste industry, and imagine then the leverage available for those firms to dominate aspects of the market. In the waste industry not only were firms organized around trade associations and workers around trade unions, but as McCllelan noted in section (d) of his summary, the entire industry is structured around "the principle of territorial rights." And one of the key tasks performed by organized crime was the enforcement of this principle. This means, naturally enough, that disputes over territories would be adjudicated by organized crime. At the very least, it is clear that the coercive elements in this industry were and are enormous.

ORGANIZED CRIME AND GARBAGE--NEW JERSEY

Although the Senate Committee concentrated its energies on the waste industry in New York, a similar situation existed in New Jersey. In 1959, a New Jersey Senate Committee chaired by Senator Walter H. Jones held hearings on the waste industry in the Garden State. The Committee concentrated on the allocation of territories and how that principle manifested itself in bidding on municipal contracts. Three overlapping elements appeared in the testimony: constant allegations that bids were rigged; that municipal politicians were paid off; and that disputes were rife in the industry as firms struggled to by-pass the territorial understandings and develop new lines of influence. On the seventh day of the Public Hearing (April 20, 1959) Vincent Ippolito (the Ippolito family had been in the garbage business in New Jersey for several decades and included several generations in partnerships) testified in the following way:

Q. Was there any mention of Fornaby?

A. Well, the Iommetti boys said they don't bid Fornaby's jobs so Fornaby don't bid their jobs.

Q. Mr. Ippolito, during your conversation with the Iommetti's, isn't it true that there was a discussion about Fair Lawn and a payoff?

A. Yes, there was.

Q. And didn't Marangi say that in Fair Lawn there had been a payoff of the municipal officials in connection with the garbage bid?. . .

A. Yes, he did say that.

Ippolito stated that payoffs to municipal officials were part of the customary arrangements in Hoboken as well. He acknowledged, in the same line of questioning, that Frank Stamato, a large waste entrepeneur in New Jersey (the Stamato clan, like the Ippolitos, Iommettis, Violas, and others, had a number of garbage enterprises), spent about $100,000 in payoffs to secure a municipal contract several years before in Hoboken. Apparently, Stamato factored in the payoffs in his successful bid which meant that corruption costs would be passed on. In conjunction with questions about payoffs, Committee Counsel also raised the issue of territories.

Q. Did he give you any impression that payoffs were something that were a part of the activities of the group, or the association?

A. Well, he said that they had to give up jobs

Q. He said that the association had to give up jobs?

A. Yes.

Q. By that you mean the members of the association had to give up jobs?

A. That's right.

Q. And he said that members of the association had to give up jobs because the people who were running the association were assigning the jobs to certain association members. Isn't that right?

A. Yes, it is.

Q. So that he told you that there was a complete system associated with bidding, which system selected--which system involved the selection of the bidder to get the job by the association and complementary bids by the other members of the association.

A. That's right.

Ippolito went on to state that Crescent Roselle, one of the major waste operators in northern New Jersey (and again part of what were family businesses), offered Ippolito money if he would not bid on a job in East Paterson, New Jersey. The job had been fixed for Iommetti and the association did not want Ippolito involved. Roselle told Ippolito that "for $500, if you didn't bid that Iommetti would arrange for a complementary bid higher than his own and that the job would go to Iommetti."

The next line of questioning revealed another part of the intrinsic problems in the waste industry. Waste firms not only need customers with waste to purchase their services, but they also need locations to dump the waste. Access to dump sites is an indispensable element; to control dump sites such as landfills is to control the industry. In Ippolito's testimony both his particular difficulties and the general proposition is clearly stated.

Q. Mr. Ippolito, did you attempt to get a dump permit from any other contractors prior to the Hoboken bid?

A. Yes.

Q. And to what contractors did you go?

A. We went to Danny Malanka--

Q. What did Danny Malanka say?

A. He would not give us a permit.

Q. Did you offer him the price that he asked?

A. No. When we were going to put the bid in Hoboken the first time, we went to Danny Malanka's office to get a permit to dump garbage at his dump and he refused us. He said he wouldn't give us the permit because we were from Bergen County and he said that he was going to run all the Bergen County fellows out of Hudson County.

Q. In other words, he would not give you a permit under any circumstances?

A. That's right.

Q. Did you speak to Stamato, prior to the Hoboken bid?

A. Yes.

Q. Why did you go to Stamato?

A. He said he would get us a dump permit from Viola.

Stamato, however, did not get Ippolito a permit because he himself was bidding on the job. The testimony of Vincent Ippolito was followed by that of his cousin Joseph who added that the Ippolitos were not allowed to join the Garbage Contractor's Association. Not being members meant, he stated, that the firm couldn't get dumping permits and, therefore, couldn't bid for jobs. Control of the dumps was in the hands of the association, he testified, which included firms owned by Crescent Roselle, Thomas Viola, Frank Stamato, and Chester Iommetti, among others. Little more than ten years later, a number of the leaders of the association would be among the largest toxic waste disposers in the nation.

New Jersey, in the late 1950s, had, in addition to the association, an equivalent to New York's Local 813. This was Local 945 which witnesses testified, according to Bob Windrom's report in House Hearings, p. 16), forced "members of the waste trade association . . . to contribute money yearly to buy the local's business manager, John Serratelli, a Cadillac." One result of the New Jersey hearings was Serratelli's indictment "on state charges" that garbage contractor, Alfred Lippman, "gave him $4,000 in bribes to secure labor peace." This indictment was swiftly followed by a second one charging that Serratelli "and others in the garbage industry arranged to rig bidding on the Belleville, N.J. garbage collection contract in 1955"(p. 16). Unfortunately for Serratelli, he disappeared and was presumably murdered "for failing to go along with the directions of organized crime leaders who warned him against cooperating with authorities in any way"(p. 16). It seems that Serratelli like Vincent Squillante had become too great a liability for organized crime. Consider also that the primary upshot of the late 1950s investigations was the murders of Squillante and Serratelli--there were no structural changes within the waste industry, not even a pattern of prosecutions indicating that law enforcement was seriously monitoring the industry.

CONTINUING REVELATIONS

One indication that the waste industry as structured by organized crime was basically unaffected by past revelations is revealed by focusing again on Westchester County. In 1967, Charles Grutzner of the New York Times reported that "an investigation directed by United States Attorney Robert M. Morgenthau has found that 90 per cent of the trade-waste disposal in Westchester County is handled by members of the Genovese and Gambino families of the Mafia" (6/28/67). Grutzner wrote that Morgenthau began his investigation following the presumed murder of Joseph "Joey Surprise" Feola who had "taken the waste-disposal contract of the Ford Motor Company's giant assembly plant at Mahwah, N.J., from a Gambino-controlled waste removal company." Also identified as still active in Westchester waste was Nick Ratteni who, along with Sabato Milo, headed the Genovese crime syndicate operations in Westchester. About six months later, the New York Times added more detail to the story reporting the arrest of Sabato Milo's son, Thomas, "on charges of trying to intimidate a competitor" (9/25/67). In addition, it was pointed out that the private carting industry in Westchester County (as in New York City) had undergone a process of "tremendous consolidation" with "most of the lucrative business . . . going increasingly to four large companies that each preside over a well-defined section of the county." The four major companies identified were:

(1) Queen City Refuse Collectors, a Milo operation;

(2) Greeley Sanitation Service, Joseph and Robert Ligouri owner (no mention of organized crime connections);

(3) Westchester Carting, operated by Ratteni; and,

(4) Valley Carting Company, "run by Tobia De Micco and Nichola Melillo, whom law enforcement agencies say represent the interests of the Gambino family in Westchester."

A revealing portion of the story, reported by Ralph Blumenthal, concerned a conversation between Vincent M. Fiorello "operator of several carting concerns in upper Westchester, Dutchess County, the Bronx and New Jersey" and Tony Vone of New Rochelle Garbage Collectors. The talk consisted of Fiorello telling Vone that a trade of garbage stops that they had worked out involving the Geigy Chemical

Corporation could not go through because of opposition from Ratteni and De Micco.

The following decade was simply more of the same, except for the fact that the State recognized that some garbage was toxic and instituted procedures and rules to handle the disposal of this new category. A few years prior, however, another scandal emerged linking waste businesses to organized crime. This time the area scrutinized was Brooklyn. On March 28, 1974, Brooklyn District Attorney Eugene Gold revealed that "Fifty-five private carting companies in Brooklyn and nine carting industry officials" had been indicted on "charges of restraint of trade and perjury" (3/29/74). The District Attorney stated that "the carting industry in his borough was controlled by organized crime through the Brooklyn Trade Waste Association." Organized crime controlled what was a $60 million-a-year industry which included what Gold claimed were approximately $20 million-a-year in overcharges resulting from "collusive practices in the industry." In fact, the Brooklyn Trade Waste Association itself "had taken in fees of $100,000 or more for assigning private carters their territories in the borough."

The Brooklyn Trade Waste Association officials indicted were the President, Patsy D'Avanzo, Vice-President Sam Calasso, Joseph Schipani "who has been identified by law enforcement officials as a soldier in the Genovese organized-crime family", Joseph Dantuoro "who has been identified as a member of the Colombo organized crime family," Salvatore Sindone, Sabino Colluci, Dominic Colluci, Michael Russo, and John Cassillo. Gold added that Schipani had only been released from federal prison the year before after serving a sentence for income tax evasion.

THE MERGING OF TOXIC AND SOLID WASTE

Six years later on October 17, 1980, across the Hudson River in New Jersey "a statewide grand jury indicted two garbage industry trade associations, 24 corporations and 25 individuals, including some identified as members of organized crime, on charges of conspiring to control commercial garbage contracts in nine Northern New Jersey Counties" (New York Times, 10/18/80). The two trade associations were the New Jersey Trade Waste Association and the Hudson County Sanitation Association which between them represented "15 per cent of the statewide garbage industry" (Newark Star Ledger, 10/18/80) controlling "approximately 35 per cent of the total garbage collection revenues in the state, or about $46 million annually" (New York Times, 10/18/80). It is significant that in the Star Ledger story by Peter Marks on the indictment, a number of firms and individuals involved in the toxic waste business are mentioned including ISA in New Jersey Inc. of Mahwah and its president, Louis Mongelli; A. Rizzo Carting Co. Inc. of Wayne and its president, Anthony Rizzo; Statewide Environmental Contractors and its officers Charles Macaluso and Frank Lotano; and Duane Marine Salvage Corp. of Perth Amboy which had been indicted in September on charges of "dumping 500,000 gallons of toxic waste into the Perth Amboy sewer system."

But perhaps the most revealing part of the indictment for those interested in the issue of toxic waste and organized crime is in that section dealing with Browning-Ferris Industries of Elizabeth, New Jersey, Inc. First of all, Browning-Ferris was and may still be the second largest waste firm in the nation with a significant portion of their business being toxic waste. This past summer, Browning-Ferris offered to buy out SCA Services for $197 million, according to the Wall

Street Journal. And while there is no mention in the indictment of the Elizabeth operation being a toxic waste one, it is nevertheless reasonable to suppose that the kind of activities carried out by the Elizabeth division were representative of the firm's methods overall. In the indictment, Browning-Ferris is described as being a principal "during the period of this conspiracy . . . in which the conspirators operated to restrain trade by enforcement of 'property rights'" (State of New Jersey v. New Jersey Trade Waste Association, et. al., Indictment: p. 10). The particulars in the indictment show Browning-Ferris as both a protector of the illegal property rights system, and initiating a "grievance hearing" settled in their favor by recognized organized crime figures in the industry. This makes all the more significant an alleged statement from a Browning-Ferris manager in the toxic waste field that Browning-Ferris routinely forged and shredded manifests which could have proven embarassing to Browning-Ferris.

From only the relatively few examples cited, there are some reasonable conclusions which can be drawn at this stage. From about the mid-1950s until today, the major trade associations in the waste business both in New Jersey and New York have been dominated by organized crime. Key officers and participants have been identified by many law enforcement agencies and legislative committees as organized crime figures. In addition, the methodology of business within the waste industry has been aptly characterized by the descriptive terminology of the many indictments and investigatory documents: it is an industry illegally controlled by organized crime in which business is illegally conducted. It is an industry in which organized crime not only establishes the parameters within which business is conducted, but one in which organized crime adjudicates disputes through its customary methods of intimidation and violence. The power of organized crime in this industry is immeasurably increased by its control over workers and non-organized crime firms through the domination of certain major Teamster locals. The ones most prominently mentioned are Local 813 and Local 945. By controlling the major trade associations, the primary trade unions, major waste firms, and landfills all with the help of friends in political and criminal justice positions, organized crime is effectively the waste industry, and it may not matter very much whether one is talking about solid, or toxic waste.

An example of the merging of organized crime, solid waste firms and toxic waste disposal was provided by David Colton of the Journal News, Nyack, New York, in the summer of 1980. Colton's report (7/20/80) begins noting that while charges of toxic waste dumping by organized crime figures in Orange County, New York, have surfaced, and been dismissed by Ralph Smith the "head of the State Organized Crime Task Force," an independent review indicates the strong probability of organized crime dumping toxics in the county since 1970. Among the sites mentioned were a "private landfill" in Warwick where the New York State Department of Environmental Conservation "has strong reason to believe that a lot of industrial waste was disposed of" by a waste firm named Grace Disposal which leased the property. Organized crime figure Louis Mongelli controlled Grace Disposal and another firm "which holds the contract to dispose of Ford's industrial waste." Eyewitness testimony claimed tractor-trailer trucks had unloaded industrial waste from the Ford Assembly Plant in Mahwah, New Jersey. Another Mongelli company, All-County Environmental, was reportedly seen dumping at another site in the county. At that site, the State had licensed DV Waste Control to operate. It is especially interesting that DV Waste Control "is operated by Vincent DeVito," reportedly a convicted loanshark and the brother-in-law of Thomas Milo discussed earlier in a slightly different context. Milo and his firm, Suburban Carting, operated the Al Turi Landfill in Goshen, New York, and Colton writes, that landfill "is listed both by the state and in an October, 1979 federal Waste Disposal Site Survey as possibly containing hazardous chemicals."

The final part of Colton's story deals with the somewhat mysterious affairs of Jeffrey and Anthony Gaess, principals of Gaess Environmental Corp., and the C & D Disposal company, which was sold to DeVito's firm, the above-mentioned DV Waste Control. The connection to Gaess Environmental was made when toxic waste dumping around Harriman, New York, was discovered and two buried tanker trucks displaying the name of C & D Disposal were found. It was established that the trucks were actually registered to Gaess Environmental Corp., which was, in turn, a subsidiary of SCA Services. The last bit of bad news uncovered by Colton concerning Gaess was provided by the lessee of the Harriman property, John Kalodziejski, who said "that about 20 barrels of industrial waste were removed from the site last spring," and then added that he had "sold his Harriman Sewage Disposal Company to Gaess Environmental."

More information on Jeffrey R. Gaess and especially his brother Anthony D. Gaess was located in an investigator's

Report compiled for the New York State Senate Select Committee on Crime. Drawn from several different sources, it revealed that Gaess Environmental Services was purchased by the SCA/Earthline Division in 1977. Concerning the background of Gaess Environmental, it was learned that a firm called Tony Gaess Service Corp. was formed in the summer of 1966 in Bergen County, New Jersey, and six years later changed its name to Gaess Environmental. At that time, its officers were Anthony D. Gaess, President, and Christopher P. Recklitis, Vice President. Recklitis "was accused by the Securities and Exchange Commission of diverting four million dollars of SCA's company money for his own use," with the aid of SCA President Berton Steir and SCA's northeast regional controller, Nicholas Liakis. Bob Dearing of the Buffalo Courier Express reported that the SEC investigation began in 1974, "and during the course of the three-year probe Recklitis" who had been SCA president from 1972 to 1974 "and Berton Steir, SCA founder and chairman, resigned from the concern." Working with Recklitis in the scheme was Anthony "Tony Bentro" Bentrovato "who had been indicted in 1975 in a kickback operation case involving the Upstate New York Teamsters Pension Fund, along with reputed organized crime kingpin Anthony 'Tony Pro' Provenzano."

Other information in the report indicated that Anthony Gaess was the brother-in-law of Richard Miele "thought to be the proprietor of a firm known in the trade as Modern Trasnportation, although the correct legal entity actually is Sanitary Waste Carriers, Inc. of Kearney, N. J." Allegations of improper handling of, at least, municipal sludge, by Miele have surfaced in Phildelphia and Baltimore in the very recent past. In addition, a chart prepared by the New Jersey Department of Environmental Protection indicates that Richard Miele owns 25% of a business known as MSLA which has been linked to the notorious Charles Macaluso, an alleged organized crime figure involved with James Failla supposedly one of the leaders of the Gambino crime syndicate, in trade waste matters. I might add, hopefully without straying, that a recent report on organized crime in New York's garment center, issued by New York State Senator Franz Leichter (1982), shows Macaluso involved with organized crime figures Anthony "Tony Ducks" Corallo, Salvatore Santoro, Joe Rosato, and Thomas Dioguardi through garment firms such as Ideal Trucking, and Garment Carriers Corporation.

MSLA was a landfill in which toxic chemicals were dumped, according to police intelligence surveillance reports. Next to the MSLA landfill were C. Egan & Sons Sanitary Landfill and P.M. Landfill. The procedure for illegally dumping at MSLA was simple, with trucks using gate # 2 on the site which was reportedly opened by a guard who was paid for his service and "informed not to say anything." In addition to Miele and allegedly Macaluso, others with interests in MSLA included William and John Keegan, Joe Cassini, Mike Cignarella, and Crescent Roselle.

Earlier, Crescent Roselle was discussed in conjunction with the 1959 New Jersey State investigation of the waste industry. In 1973 and 1974, Roselle's various waste businesses, with one major exception, were bought by SCA Services. The particular Roselle firms bought by SCA were noted two years later when he wrote to Thomas Viola, by then vice president of SCA Services, stating that the following individuals were extending their options as stated in their employment contracts with SCA to continue in the employment of SCA "for at least the next ten years":

Peter Roselle, Jr.	Waste Disposal, Inc.
Joseph C. Roselle	Waste Disposal, Inc.
Peter Marinaro	R. R. & M.
Louis P. Roselle	Peter Roselle & Sons Co.

	& Fereday & Meyer Co., Inc.
Alfred J. Lippman	Roselle-Lippman Co.
Crescent J. Roselle	Peter Roselle & Sons Co.
Crescent J. Roselle	R. F. & M.
Arthur Roselle	Peter Roselle & Sons Co.

Crescent Roselle reminded Viola that "all of these original employment contracts are with the above companies, and all of these companies, as you know, are now known as Waste Disposal, Inc." According to police intelligence reports compiled by detectives in the Elizabeth, New Jersey, Police Department, Anthony Gaess met with Crescent Roselle on a regular basis in order to show Roselle how best to profit "in handling chemicals." Also, in these same intelligence reports it is claimed that Gaess "was caught stealing accounts and running drums of toxic waste into" the Kin Buc Landfill. On December 22, 1980, Crescent Roselle was murdered becoming the third waste entrepeneur to be murdered in just a few years.

Without intending to be melodramatic, let me identify some of the toxic waste generators who have done business with Gaess in the past (the list is drawn from Generator records on file with a Congressional subcommittee).

(1) Reichhold Chemicals, Inc. 1971-1978

(2) Borden Chemical, Division Borden Inc.	1978
(3) Air Products & Chemicals Inc.	1975-1979
(4) NL Industries, Inc., NL Chemicals Division	
(5) Refined-Onyx Division-Polyurethane Specialties Co., Kewanee Industries, Inc.-Subsidiary of Gulf Oil	1970-1977
(6) Diamond Shamrock Corp., Process Chem Division	1976
(7) Diamond Shamrock Corp., Soda Products Division	1977
(8) American Cyanamid Co., Lederle Laboratories	1970-1974
(9) Millmaster Onyx-Division of Gulf Oil Corp.	
(10) DuPont Co., F & F Department	
(11) Stauffer Chemical Co., Specialty Chemical Division	1976, 1978-1979
(12) Stauffer Chemical Co., Plastics Division	1975-1978
(13) Mobil Oil Corp., Mobil Chemical	

Company	1971-1973, 1977
(14) Pfizer Inc.	1974

One other reported instance needs mentioning. The American Cyanamid Company stated that from 1969 to 1973 they had contracted with the Bushbaum Sanitary Service to dispose of 200 tons of "process waste" which was taken to an unknown location. The company identifies Bushbaum Sanitary Service as an Anthony Gaess firm. American Cyanamid also stated that they had no idea what was contained in the waste although they did note that there surely were organic, inorganic, and miscellaneous compounds.

I mentioned that the Gaess brothers were somehat mysterious, or at least their activities were. Some of the known and some of the suspected Gaess activities have been enumerated already. However, it is worth pondering several others. Why is it, for instance, that New Jersey Department of Environmental Protection records dealing with Gaess are cross-referenced to R & R Sanitation of Randolph, New Jersey? DEP files indicate that R & R Sanitation is a "trade name for Carl Gulick, Inc. . . . a handler of industrial waste in Mt.

Freedom, N.J. at one time." Intriguing as that may be for tracing some of the Gaess's hidden interests, it is more interesting that attorneys for SCA Services, SCA Services of Passaic Inc., Earthline Company, and Anthony Gaess in a brief (April 4, 1979) denied that Gaess was the principal operating officer of Earthline. This depite the fact that minutes from a special meeting (June 30, 1975) of the Board of Directors of Scientific, Inc., held that "management had been investigating the feasibility of acquiring from SCA Services, Inc. the Gaess group which consits of SCA's liquid collection business." It was reported "that the business was run by Tony Gaess aggressively with a view toward expansion"; that "Mr. Gaess would make an ideal coordinator of Scientific's landfill and commercial collection operations"; and it was understood that the previous year's "profits for the Gaess group were $750,000." The brief denying that Gaess was Earthline was filed in answer to a civil action #79-514 brought by the U.S. Attorney for the District of New Jersey in which Gaess, SCA Services, and nine others were named for unsafe and improper methods in the handling and disposal of millions of gallons of liquid waste, much of it toxic, which was placed in the Kin Buc Landfill. If Anthony Gaess was not the operating officer of Earthline, he nevertheless did receive a $140,000 loan from SCA in the form of "an unsecured note which is not interest bearing. Payments are due at the rate of $14,00 per year, for 10 years, beginning on September 1, 1976. During fiscal 1978, SCA agreed to postpone the September 1977 payment to September 1978, in consideration of Mr. Gaess pledging 3000 shares of SCA common stock as collateral for the unpaid installment." Obviously enough, there are substantial unanswered questions concerning Gaess and almost all the other individuals and firms mentioned so far, including SCA, which must be addressed. And given the types of offenses committed or alleged to have been, answers to them are all the more imperative.

THE POLITICS OF TOXIC WASTE ENFORCEMENT

Unfortunately, there is at the moment little hope that investigations can be mounted which will successfully face the peril and provide the answers so desperately needed. Certainly the record in the Northeast leaves so much to be desired that public confidence must be shaken if not shattered. Leaving aside for the moment the fact that organized crime has controlled the waste industry for almost thirty years at a minimum, despite repeated investigations and disclosures, and looking solely at the enforcement record dealing with hazardous waste violations regardless of whether or not the principals are organized crime figures or associates, one finds an enforcement record which indicates either or both ineptitude and corruption on a monumental scale. In New Jersey, the most current example is the case of State Police Detective-Sergeant Dirk Ottens. Without doubt, Ottens is the most knowlegeable police officer on toxic waste and organized crime in the nation. However, following a subpoenaed appearance before a closed hearing of a House subcommittee investigating organized crime and the toxic waste industry and a subsequent public hearing, Ottens has found himself in a state of limbo.

An editorial in The Home News (1/18/83) noted that the recent Congressional report "which charges the state Department of Environmental Protection, the U.S. Environmental Protection Agency and members of the state Attorney General's Office with investigative bungling that allowed thousands of gallons of toxic waste to continue pouring into landfills years after the illegal dumps should have been closed," still nevertheless praised Ottens and his partner. Since the winter of 1980-1981, Ottens has been commanded to leave toxic wastes alone and placed in some of the most demeaning and menial tasks the State

Police could construct. The Home News asks whether these kinds of assignments "have any relationship to the testimony offered to a federal judge who concluded Ottens had developed hard evidence DEP officials were taking kickbacks from toxic waste firms?" Of course, if the answer is affirmative, it would explain why Ottens' informants in the toxic waste industry, reportedly, were routinely revealed, a process placing their lives in jeoprady and making it that much more difficult for Ottens to develop leads. It would also explain and perhaps affirm one informant's claim that the State Police were trying to frame Ottens. It appears that it was Ottens' expertise and desire to follow the trail of organized crime and toxic waste into the arena of public corruption that was his downfall. Surely the fact that Ottens as well as other witnesses from New Jersey who appeared before the House subcommittee were told to stay away from the issue of public corruption raises the probability higher. The issue of Ottens' purgatory was serious enough to cause the chairman of the House subcommittee to ask the Attorney General of New Jersey to conduct a complete independent review of the matter, including an interview with Ottens. The request was made in the summer of 1982 and, so far as can be determined, never carried out. Ottens, it appears, may be the victim of a conspiracy whose intent is to emasculate him while protecting various organized crime figures and their political partners.

Among the allegations that Ottens might have been able to pursue are claims that an official in the Department of Environmental Protection was simultaneously counsel to a toxic waste firm; that a former New Jersey Deputy Attorney General was an investor in Kit Enterprises, reportedly a firm involved in illegal toxic waste activity, and controlled by two major organized crime figures--JoJo Ferrarra and John Riggi; that a second former Deputy Attorney General owned part of Global landfill in Ocean County and that an investigation into this affair ended when another Deputy Attorney General received a sailboat; that the investigation into Duane Marine was marred by corrupt acts by officials in DEP and New Jersey's Division of Criminal Justice; and finally, that certain officials in New Jersey's Public Utilities Commission received bribes by waste firms. Certainly, it is true that allegations of corruption in New Jersey concerning the waste industry are not new; rigged bids and payoffs to scores of public officials were a mainstay of testimony beginning in 1959 and continuing on ever after. It may well be, then, that the Ottens' affair is part of the traditional way in which political and criminal justice is carried out in New Jersey. What makes this more significant, however, is that this time it is not morality which is assailed, but the public health. It is one thing to take a cut from vice enterprises, and quite another to protect and profit from massive environmental poisoning.

New Jersey, of course, is not alone in subverting, or at least bungling, the criminal justice process when it comes to toxic wastes. It seems, for example, that certain governmental agencies in New York are withholding and suppressing vital information about toxic wastes from the public, while others are carefully editing material germaine to the issue of the manner in which toxics are handled and by whom, and much about how agencies have grossly mishandled environmental and health hazards.

For example, on September 7, 1982, the Staten Island Advance reported that "Arsenic, mercury, lead and other toxic metals seeping out of three city garbage dumps might be accumulating in shellfish and killfish growing in Jamaica Bay, a state panel of landfill experts wrote in a recent unpublished report." The Advance was referring to a study conducted by an ad hoc group known as the New York City Landfill Assessment

Team composed of Earl H. Barcomb from the New York State Department of Environmental Conservation/Division of Solid Waste, Robert L. Collin from the Division of Wate, and Wallace E. Sonntag representing the Division of Air. In general the ad hoc team found that all prior analyses of New York City's landfills conducted by the City Health Department and the City's Department of Sanitation were so flawed as to be worse than useless, and that the landfills did present a clear and present danger to the public health.In fact, the City's landfills have been used for years by toxic waste dumpers and the City agencies supposed to monitor the landfills were either so inept or corrupt that they couldn't or wouldn't act in the public interest. Also, the State Department of Environmental Conservation has yet to explain why the ad hoc team's report was not released, and coincident with this why the DEC fired Samuel J. Kearing who had been the Regional Counsel for Region Number 2 of the DEC, and had been trying for several years to get the DEC to "enforce the law against the City of New York." Kearing joins a list of individuals like Ottens in New Jersey, whose careers have been destroyed, because they, apparently, posed a threat to powerful political and criminal interests which may well be combined in the toxic waste industry.

The official intolerance for so-called "whistle blowers" and aggressive investigators should be placed alongside the remarkable tolerance exhibited for the corrupt and criminal in the waste industry. Back in 1975, for instance, the Brooklyn Trade Waste Association which had been ordered dissolved following the Gold investigation mentioned earlier was, nevertheless, deeply involved in negotiations with the city over a strike in the private carting industry called by Teamster Local 813 which was still headed by Bernard Adelstein. Damon Stetson reporting for the New York Times noted that the city's Consumer Affairs Commissioner, Elinor C. Guggenheimer, and Leo Pollack the head of Consumer Affairs Trade Waste Division were both satisfied that there was "no evidence that strong-arm tactics were now being used in normal operations" (New York Times, 12/11/75). District Atorney Gold disagreed, according to Stetson, but the resurrection of the Brooklyn Trade Waste Association continued, despite the extraordinarily equivocal nature of the quoted statement. No one, it seems, asked what "normal operations" meant, or whether Consumer Affairs was actively investigating the industry or merely passively waiting for complaints to surface.

Given the violence associated with the industry, it does appear that waiting for complaints is probably the least effective method of monitoring. Nonetheless, waiting for complaints characterizes the agency's strategy. Anyone in the industry in the Northeast during the last two decades or so would have been well aware of the murders of Vincent Squillante, John Seratelli, Joseph Feola, Alfred Di Nardi, Gabriel San Felice, Crescent Roselle, and John Montesano who was one of the major witnesses for the Senate investigating committee back in 1957 and was killed in 1981. In fact, several years before his murder Montesano told Newsday reporters, Renner and Mulvaney, "You know there's a (murder) contract on me? You're the third one to tell me about it. Because I testified (in the Senate hearings), I was the heavy. I did the right thing . . . Now, I hear they're going to whack me out . . . leave my brains on the street" (Newsday, 9/15/81). Knowledge of these events is hardly likely to bring witnesses forward or to encourage others with information about industry illegalities to march down to Consumer Affairs.

Perhaps there were individuals who decided that reporting crime in the industry was the height of foolishness, because they were aware that the Drug Enforcement Administration "used a New Jersey toxic waste-disposal company with alleged ties to organized crime to dispose of discarded pharmaceuticals and other drugs in 1978" (New York Times, 12/16/80). Concerning this rather astonishing event, the DEA did state that the drugs taken to the Chemical Control Corporation facility were "all properly incinerated in the presence of drug-enforcement agents and could not have been diverted or reused," and that the agency was "unaware then of any criminal connections" to the firm. Questions have been raised, however, "by the arrest of one of the alleged company principals . . . on charges of financing a narcotics laboratory and a report that some undestroyed pharmaceuticals and drugs were discovered at the waste-strewn company warehouse before a suspicious fire" totally destroyed the facility in 1980 two years after the DEA used the firm. In addition, investigators have stated that "law enforcement files available to the agency before its use of Chemical Control had long contained information about alleged criminal associations of the company and John Albert" (New York Times, 12/16/80). One can only imagine the dismay potential witnesses or informants would experience, if it was common knowledge that the DEA utilized Chemical Control and John Albert for the alleged incineration of narcotics.

It seems fair to say that a summary of activities and events in the waste industry over the past quarter century, and the toxic waste industry since the late 1970s when it was created, displays an unmistakeable pattern of ineptitude or corruption. Serious and capable investigators are harassed, intimidated, indeed dismissed; reports are erroneous or, if accurate, suppressed; evidence in cases is mishandled; criminal organizations are legitimized by municipal officials; the identity of informants is revealed; state grand jury proceedings have been used to prevent pertinent information from reaching Congressional investigators; and clear conflicts-of-interest between regulators and the regulated are permitted.

What makes all the above even more revealing if not menacing, however, is that New York and New Jersey have been among the most carefully scrutinized of states. Probably no area in the nation has received as much attention as the New York metropolitan region, and that includes attention from those interested in organized crime. Add to that the fact that New Jersey is supposedly a bellwether state in the field of toxic waste investigation and enforcement, and the scope of the national problem emerges. If, as a number of individuals claim, New Jersey at least does something about toxic waste through its manifest system and its Hazardous Waste Task Force, can one imagine the plight of the rest?

PROBLEMS IN THE SUNBELT--FLORIDA, NEW MEXICO

As early as the summer of 1973, the State of Florida somewhat tentatively began collecting information on the garbage and recycling industry because of the "possibility of organized crime infiltration and/or monopolistic tendencies." In particular, the Florida Department of Law Enforcement was interested in two SCA subsidiaries and canvassed other states for information which revealed the following:

> Tri-County Sanitation, Incorporated, Detroit, Michigan, had been purchased by SCA in September, 1972. Tri-County Sanitation had been monitored by Michigan authorities since 1962, when Joseph Barbara, son of the host of the Appalachian meeting of top organized crime leaders (1957), and Paul Vitale, brother of Pete Vitale, identified (organized crime) figure, formed the company. The Vitale group was still in control of Tri-County when purchased by SCA.

The California Department of Justice revealed that SCA purchased G. I. Ecological Waste Association, Incorporated, in late 1972. Manuel Assadurian served as an officer in G. I. Ecological. Manuel Assadurian and his brother Sam, have been associated with numerous California garbage companies as well as Louis Visco, an organized crime associate, and Luigi Gelfuso, another organized crime associate.

Included in the Florida report is a section on various Florida counties compiled because of "allegations that organized crime and New York companies" are taking over garbage collection. In Dade County firms investigated included Packed Sanitation Service, Inc., located in Hialeah, Florida, whose officers include Joseph Pelose, a reputed associate of Nick Ratteni and one of the original owners of Rex Carting Co. discussed earlier. Other associates of Pelose include the alleged organized crime figure John Masiello. In Palm Beach County the president and vice president of Waste Compactor's Inc., were reportedly associates of Gerardo Catena a major organized crime figure from northern New Jersey living in Florida. Information on the two officers "reflects that . . . (they) left their former residence in New York during a grand jury investigation on bookmaking." Investigation in Pasco County produced an even more interesting organized crime connection. Both the West Pasco Disposal Company and Community Disposal Services, Inc., were "controlled by Joseph Messina and his brother Salvatore . . . (who) are associated with James Failla, a capo in the Gambino LCN 'family' and chauffeur to Carlo Gambino. . . . Recent information reveals that Failla and a Philip Modica visited the Messina's in New Port Richey." In 1976, corroborating intelligence on these relationships was developed in Suffolk County, Long Island. Centering on an individual named Tommy DeSousa it was learned that he "is an enforcer for the Carlo Gambino crime family in the James Failla regime. His immediate boss through wiretap, is known as 'Phil,' later known as Phil Modica who is one of three brothers who are all soldiers in the Gambino family. . . . DeSousa in 1975 was in constant telephonic touch with Community Waste Disposal. . . . Conversations clearly disclsoe that DeSousa was giving orders" to the Florida operation "about fixing prices."

In somewhat the same manner that Florida experienced the expansive efforts of New York metropolitan region organized crime figures in the waste industry, so apparently has New Mexico. According to police intelligence files, several New

York based organized crime figures have "put pressure of local carting businesses to buy them or scare them out of business, in the Albuquerque area." A summary of intelligence up to the mid-1970s on this situation found the sale of a local waste operation to Joseph Capone, Jr., and Gary Curreri both from New York. One of the intelligence reports located in the files of the Kings County District Attorney's Office then states:

> Source in New Mexico said that they were sent there by . . . an underling of Joseph Pagano, Genovese Family Capo who operates carting firms in Westchester and was involved . . . in a Medicaid Fraud Scheme. Pagano was also tightly linked in previous stories with the New York Purple Gang, a narcotic smuggling group. Source says that Joseph Pagano is the brother of John Pagano, partner of Joseph Petrizzo and the late Patsy Pagano who was killed several years ago.
>
> (An organized crime figure) was identified as having told associates in New York he had gone to New Mexico to arrange for the take over of carting firms in New Mexico and to control carting operations. (The organized crime figure mentioned) has a minor record as a gambling operator but is in direct partnership with Pagano in a number of other ventures. When Capone and Currieri

> bought out <the New Mexican firm> . . . they formed a new coporation called A 1 Carting. The same name used by Nicholas Ratteni in Westchester. Ratteni is Joseph Pagano's boss in the Genovese crime family.

The 1980 Annual Report by the Governor's Organized Crime Prevention Commission (Santa Fe, New Mexico) disclosed that they had recently begun hearings into the private carting industry which "found that in the early 1970's a number of individuals with close associations to New York City organized crime families became active in the private carting industry in New Mexico, and that a pattern of violence, vandalism, equipment sabotage and business take-overs appears to have resulted" (p. 13). In light of the allegations noted above, it is interesting that the Rio Rancho City Council approved the A-1 Carting Services application for continuing commercial refuse collection in the summer of 1982, according to Michael J. Hartranft in The Observer (8/5/82).

In both the Florida and New Mexico summaries and reports, it is clear that toxic waste disposal problems were not contemplated. There is, therefore, no information uniquely related to toxics, although enough material is provided dealing with organized crime and the waste industry in general to provide a sober cautioning. And, it is reasonable to assume that organized crime companies in the waste industry would move into the very profitable toxic waste field in states outside of the Northeast.

Senators, I realize that the history and criminology I have presented is starkly pessimistic. However, the examples cited and the conclusions stated are, in a very real sense, rather minimal. I have not touched upon, for instance, the fuel oil industry which displays remarkably similar charcteristics and, indeed, some of the same cast of characters. I have not touched upon either the ancillary activities of many of the organized crime figures mentioned which run the gamut from industrial racketeering, narcotics, gambling, loan sharking, to murder. I have not mentioned other law enforcement figures who have had to conduct homicide investigations of individuals in the waste industry on their own time, using their own financial resources. I have not dwelled upon the possible links between the stealing by organized crime syndicates of a significant portion of the nation's strategic oil reserve and its reported replacement with sea water, sludge and toxic wastes. The problems are so acute and complex that any more examples or discussion would only detract from the issue. Several years ago I wrote a paper based on the theme that the development of leisure businesses in the 19th and 20th centuries presented professional criminals with their greatest opportunity for expansion. To find that they not only have seized that opportunity, but have now, in fact, penetrated to the heart of modern industrial society by their forays into the petro-chemical industry is indeed disheartening. The only personal solace I can find in all this, is that I don't have the misfortune to live in Starrett City next to one of New York's toxic landfills, or as far as I know, one of the other potentially catastrophic areas.

PREPARED STATEMENT OF JEREMIAH B. McKENNA, GENERAL COUNSEL TO THE NEW YORK STATE SELECT COMMITTEE ON CRIME

I am counsel to the New York State Select Committee on Crime (hereinafter the Select Committee), a state legislative counterpart of your committee. The Select Committee was formed in 1967 to monitor organized crime's activities in New York State and to prepare remedial legislation in this area. Since 1973, the Select Committee has been chaired by State Senator Ralph J. Marino who has asked me to convey to you his support for your undertaking to reexamine and update our knowledge of organized crime in this nation. A primary source of comprehensive and solid intelligence on organized crime from a national perspective are the reports of your committee and its distinguished predecessors

My own qualifications are that I have been a observer, researcher and prosecutor of organized crime for over twenty years since I joined the Rackets Bureau of the New York County District Attorney's Office in 1960, then headed by the late, great Frank S. Hogan. In the early seventies I co-authored an LEAA-supported study titled, "The Impact of Organized Crime on An Inner-City Community" with Professor Harold D. Lasswell of Yale University. Our study found that organized crime was the largest single employer in the Bedford-Stuyvesant area of New York City and gathered more income from that community than the federal government did in taxes. Since 1972, I have been counsel to the New York State Select Committee on Crime.

Today, I will address a new manifestation of organized crime's activities, toxic waste disposal. From a position of control in solid waste disposal, organized crime is today moving to control the vital industry of toxic waste disposal. Observation and trained intuition leads me to forecast that organized crime's position in the toxic waste disposal industry will emerge toward the second half of this decade as an issue of profound public importance. And it will be a problem that federal and state legislatures will have to address against a background of public outrage that the problem was allowed to develop at all.

Probably, every member of this committee has had to deal with the petitions of outraged and frightened constituents who have become aware of illegal toxic dumps near their homes or toxic chemicals polluting their drinking water. The fear engendered is palpable, difficult to deal with and the source of enormous pressure on public officials to do something quickly and without regard for expense. Arrayed against organized crime in the toxic waste industry are the fifty states,since the Federal Environmental Protection Agency has delegated the major responsibility for enforcement in this area to the states. The enforcement effort is thereby fragmented among fifty jurisdictions and if there is one bitter lesson learned since the emergence of organized crime in the nineteen thirties, it is that it must be fought on the federal level or with combined federal-state resources. The states cannot do it alone. Remember most states further fragment their law enforcement effort among county and local prosecutors.

I now offer for your consideration a narration of an investigation begun in 1980 by the Select Committee which illustrates the inability of individual states to control organized crime's operations in the toxic wastedisposal industry.

In early 1980, the Select Committee was asked by an Assistant State Attorney General of New York, named John Fine, to monitor an investigation by his own New York State Organized Crime Task Force into toxic waste dumping. Assistant Attorney General Fine had been investigating illegal solid waste and toxic dumping by organized crime elements in a municipal landfill in the Town of Ramapo in Rockland County which borders northern New Jersey on the western side of the Hudson River. Mr. Fine sensed that powerful forces were moving behind the scenes to shut down his investigation. His intuition proved accurate when he was fired from his position in June of 1980 and his investigation terminated.

The investigation actually began in December of 1975 when the Sheriff's Office of Rockland County was asked by a City of Yonkers detective specializing in organized crime to investigate the activities of a business named the 59-30 Development Corporation.[1] This corporation was allegedly run by a Yonker's contractor and waste hauler named Raymond Cimino. Its trucks were carting burned refuse from the Yonkers City garbage incinerator and illegally dumping it on a landfill site intended for an industrial park. When the Sheriff's Office inquired of the local town officials, they found zoning variances had been granted this landfill at an unusual Town Board meeting convened on New Year's Eve. When the Sheriff's Office told the town officials that burned garbage was being dumped there, the town officials denied it.[2] The Sheriff's investigation then picked up steam under the direction of Lt. Stanley Greenberg.

---

[1] Testimony of Lt. Stanley Greenberg, Rockland County Sheriff's Office, before the New York State Select Committee on Crime, May 29, 1980, pg. 7

Lt. Greenberg next took motion pictures of the Cimino trucks being loaded with burned garbage at the Yonkers incinerator and illegally dumping the same load at the West Nyack landfill in Rockland County. Burned garbage can be more toxic than ordinary garbage because improper incineration can cause transformation of harmless waste into toxic substances. This landfill site was also leaching into a waterway which became a water supply source. The combined Rockland County-Yonkers investigation showed that Mr. Cimino was linked to a notorious Westchester County organized crime figure named Joseph Zingaro.[3]

Lt. Greenberg also observed trucks registered to Mr. Zingaro parked at the West Nyack dumpsite. Zingaro was observed driving a car registered to Mr. Cimino and Cimino was observed visiting Mr. Zingaro's home. Joseph Zingaro was listed in the Congressional Record of August 12, 1969 at pages 8 and 9 as a "capodecina" in the Gambino crime family.

Zingaro had been observed visiting the late Carlo Gambino and was the subject of conversations overheard on the DiCavalcante bug where the discussion concerned the garbage business.[4]

The Rockland County Sheriff's Office next stimulated the State Department of Environmental Conservation to issue a cease and desist order against further dumping in West Nyack. On the date this order was served, the Sheriff's deputies observed a large tanker from a toxic waste hauler with organized crime links dumping a clear liquid on top of the burned garbage.[5] The District Attorney of Rockland County nevertheless refused to open a grand jury investigation into possible corruption among the town officials who had turned a blind eye to the dumping.

---

[2] Ibid, pg. 9-11.
[3] Confidential memorandum dated January 14, 1976 in Select Com. files.
[4] DeCavalcante, FBI Report, Vol. 6, p. 32; Vol. 7, p. 91; Vol. 8, p.28.

While investigating this particular dumping incident, the Sheriff's Office discovered that Mr. Cimino had recently entered a bid to operate the Town of Ramapo's municipal dump which was being franchised out by public bidding. The Ramapo dump was also in Rockland County just a few miles from the southern New York-northern New Jersey border. It was a sanitary dump approved for ordinary household garbage but not toxic waste. This aspect of the investigation uncovered a most interesting set of facts.

In mid August, 1976, the Ramapo dump contract was awarded to Eugene Sorgine, a building contractor who lived just across the border in Mahwah, New Jersey. Just after he won the bid, but before it was formally awarded, Mr. Sorgine told the Sheriff's Office that he was approached by Carmine Franco, a large garbage contractor from Hillsdale, New Jersey, and asked to sell his contract to Franco. Sorgine initially refused. Shortly after, Sorgine's house caught fire while his children were inside but they escaped unharmed. The fire marshall's investigation conclusively proved arson.[6] However, the fire marshall's report declaring the fire an arson disappeared from the files of the Mahwah, New Jersey Fire Department.[7] The official Mahwah Police Department report listed the fire as accidental.[8] The day after the fire, Sorgine told Lt. Greenberg, he received a call from Carmine Franco asking him whether he was ready to sell the Ramapo dump contract. Sorgine was now convinced and sold out to Franco who began operating the dump in October of 1976.

---

[5] Lt. Greenberg's testimony, op cit, note 1, at pp. 13-14.

[6] Testimony of James Cottrell before the Select Committee, May 20, 1980, beginning at p. 62.

[7] Ibid, p. 75-6

[8] Ibid, p. 77

In December, 1982, just two months ago, the House Subcommittee on Oversight and Investigations of the Committee on Energy and Commerce issued a report[9] identifying Carmine Franco as the president of the New Jersey Trade Waste Association and the front man for convicted Genovese crime family soldier, Tino Fiumara. Testimony before that committee by an insider witness, confirmed by the New Jersey State Police, was that organized crime controlled the garbage industry in New Jersey and was extending its influence into toxic waste disposal.[10] The crime groups involved were the Gambino and Genovese crime families and the instruments of control were the New Jersey Trade Waste Association (headed by Carmine Franco) and Teamsters' Union Local 945. Fiumara, now in federal prison, was an enforcer for the Genovese crime family.

Takeovers after violence are a familiar technique in New Jersey. An insider witness testified two New Jersey garbage contractors, Alfred DiNardi and Gabriel San Felice, were murdered for violating the "property rights" of other companies which were protected by organized crime.[11] After DeNardi's murder, his company, Custom Disposal, was taken over and managed by Carmine Franco.[12]

The Rockland Sheriff's Office observed garbage trucks from companies known to be controlled by organized crime figures dumping at the Ramapo landfill. They again met resistance from the local District Attorney in opening an investigation until a local radio station broadcast investigative reports revealing the misuse of the landfill. After this publicity, the local District Attorney sought the assistance of the State Organized Crime Task Force and John Fine was invited to begin his investigation.

---

9. Report of the House Subcommittee On Oversight and Investigations of the Committee on Energy and Commerce, U.S. Gov't. Printing Office, Washington 1982, Committee print 97-NN.
10. Ibid, p. 22
11. Ibid, p. 21
12. Ibid, p. 24

Fine's investigators observed truckloads of 55 gallon drums being dumped at the landfill and then crushed and covered with garbage.[13] The Sheriff's Office asked the New York State Department of Environmental Conservation to test the blue and purple leachate that was flowing out of the landfill into a brook nearby which flowed into the Ramapo River, which became a water supply source for northern New Jersey. Their requests went unanswered until Lt. Greenberg threatened a DEC employee with kidnapping unless he came to test the leachate.

At first the DEC engineer said he saw no problem with the leachate but when asked to take a sample for testing refused to put his hand into the leachate pool.[14] Lt. Greenberg filled the jars himself and gave them to the DEC engineer. After a long delay, Lt. Greenberg asked for the results of that test and was told because he had failed to refigerate the samples and put in a preservative they couldn't be tested. However, from the time the samples were taken, they had always been in the custody of the State Department of Environmental Conservation, which presumably was aware of the necessary test protocol.[15]

When Carmine Franco took over the operation of the Ramapo dump, he installed as his foreman a person named Anthony Rizzo. State investigators followed Rizzo back to New Jersey and established his links to John Albert and an illegal dumpsite on Staten Island, a borough of New York City. Staten Island is linked to New Jersey by three bridges and two narrow bodies of water called the Kill Van Kull and the Arthur Kill. At this point we must go back in time to describe the full context of the toxic dumping operation into which John Fine's investigators had stumbled.

---

[13] Testimony of Lt. Greenberg, op. cit. note 1, p. 29

[14] Greenberg testimony, op. cit., note 1, p. 30

[15] Ibid, pp. 30-31

In June 1976, the Kin Buc landfill outside of Newark, New Jersey was closed. At the time, it was the largest toxic waste disposal site in New Jersey. This created a problem for the New Jersey toxic waste disposers because they lost a major dump site. Two legitimate disposal sites remained open, Rollins-Pearl, a toxic waste incinerator in southern New Jersey,and Chemical Control Corporation, a toxic waste incinerator in Elizabeth, New Jersey. Organized crime needed a new disposal site after Kin Buc's closing and they decided on Chemical Control.*

In September 1977, the notorious toxic waste dumper, John Albert, took over Chemical Control threatening its president, William Carracino, with death if he didn't turn over Chemical Control.[16] Carracino's partners were, however, bought out by Albert. I am condensing the complex of facts of Albert's takeover of Chemical Control which involves an unprosecuted federal bankruptcy fraud; possible corruption of environmental officials in New Jersey; manipulation by organized crime of dumping prosecutions by New Jersey and organized crime loansharking of Albert's takeover.

Albert ran Chemical Control from the September 1977 takeover until April of 1979 when the obvious build up of toxic waste barrels led to the State of New Jersey seizing the Chemical Control site and beginning their own cleanup. During the twenty months he controlled Chemical Control, Albert would meet weekly with organized crime figures on Staten Island to deliver money to them from Chemical Control's profits and report to them on its operation.[17] The organized crime figures at those meetings were Joe Lapi, alias Joe Beck, now deceased, Frank Vispisiano and Rosario Gangi.* Every week Mr. Lapi received an envelope from Mr. Albert containing at least $3,000[18]. Toward the end of that twenty month period of operation, it was agreed that Chemical Control would accept toxic wastes only from customers willing to pay in cash.

---

* It was essential that organized crime have access to a source of legitimate disposal certificates which most generators of toxic wastes required from a disposer as evidence of legitimate disposal. Chemical Control Corp. as an incinerator of toxics could provide disposal certificates.

16. Testimony of William Carracino before the Select Committee, November 25, 1980, pp 14-15.

* Joseph Lapi was regarded as a caporegina in the Genovese/Tieri crime family. Frank Vispisiano has been arrested for kidnapping, is known to the police as a "hit man". Testimony of John Fine before the Select Committee, Nov. 25, 1980 at p. 55.
Rosario Gangi was recently indicted by the federal government for racketeering in the Fulton Fish Market. See 81 Crim. 0514, USDC Southern District of N.Y. He was arrested in 1965 in a multi-kilo narcotics case.

17. Testimony of Richard Pirmann (John Albert's chauffeur), *United States v. John Albert, et al* U.S.D.C. New Jersey. Crim No. 80-380, trial transcript, pp 4657 et seq.

18. Ibid, pp. 2660-61

Eventually, in April 1979, the State of New Jersey seized control over the site and began a limited cleanup of the leaking barrels of toxics which were being stored out into the street outside of Chemical Control.

Albert now needed an alternate dump site and quickly found one at a closed Texaco oil terminal just across the Arthur Kill in Staten Island. The site was called the Chelsea Terminal. One of Albert's associates and attorney in this new venture was a New Jersey mayor. One of the toxic waste scavengers hauling to and dumping at the Chelsea Terminal site on Staten Island was Anthony Rizzo, the foreman of the Ramapo dump taken over by Carmine Franco. It was surveillance of Rizzo by John Fine's investigators which revealed Rizzo's dumping at Chelsea Terminal and put Fine on the trail of John Albert.

The New York State Organized Crime Task Force filmed the dumping operations at Chelsea Terminal. They also watched toxic wastes being retransported from Chelsea Terminal by another Albert Company and dumped outright in vacant lots in the Jersey Meadowlands. John Fine obtained a court order seizing the Chelsea Terminal and later arrested Albert and his partners in the Chelsea Terminal dumping operation. John Albert was also subsequently convicted of toxic waste dumping in New Jersey and Massachusetts and was the subject of a narcotics prosecution in New Jersey.

The criminal charges brought by John Fine were against John Albert and five other individuals associated with his Chelsea Terminal operation. The charges, however, were not prosecuted by John Fine but by the District Attorney of Richmond County who had no experience with toxic dumping cases. Neither was he aware of the far-flung ramifications of Albert's operations. One of the six defendants, not Albert, pled guilty to a violation to cover all the charges; the other defendants including Albert had their charges dismissed and the court levied a $250 fine.

I should mention that at this time the State of New York had no felony dumping statute and the prosecutors had to use their imagination to draft their charges. To this day, the federal government doesn't have a toxic dumping felony statute and must resort to mail fraud statutes to arrest toxic dumpers for a felony.

In April, 1980, the Chemical Control site literally exploded in one of the most spectacular fires seen on the East Coast. Because the ensuing conflagration was throwing vast quantities of toxic smoke into the atmosphere, the Police Department of the City of New York had to seriously consider the evacuation of the 300,000 residents of Staten Island who would have had to leave the Island over three bridges.[19] Fortunately, the wind blew the smoke from the fire out over New York Bay instead of over populated areas. The police and Mayor were in quite a quandary because Albert's irresponsible dumping at Chemical Control was done without records so no one knew precisely what was on the site. Later, it was disclosed that powerful pesticides were on the site capable of killing anyone breathing them a few short minutes.

The explosion at Chemical Control moved New York State's Governor Carey to take immediate action to clean up Chelsea Terminal lest the potential catastrophe of Chemical Control become an actual catastrophe at Chelsea Terminal. The landlord of Chelsea, the Texaco Corporation, was induced to clean up the terminal at its own expense. The Select Committee obtained the inventory of chemicals stored at the Chelsea Terminal and some of them such as Bromoform were lethal in a vaporous state.[20]

One of the companies pressed on Texaco by the State Department of Environmental Conservation to remove PCB laden oil from Chelsea Terminal was the Quanta Resources Corp.[21] At the time of the Chelsea Terminal cleanup, New York's Environmental Agency was aware that Quanta had been indicted in Pennsylvania for toxic waste dumping. The charge in Pennsylvania was Risking A Catastrophe and involved the dumping of millions of gallons of carcinogenics, mutagenics and teratogens down a mineshaft near Pittston. The toxic waste stream eventually flowed out of the mineshaft and into the Susquehanna River. The Pennsylvania authorities were able to contain the toxic waste spill just short of the water supply of the City of Danville and only 25 miles north of the fishing grounds in Chesapeake Bay.

---

19. Testimony of Sgt. Brian Ford, New York City Police Dept. before the Select Committee, November 25, 1980, at p. 94
20. Select Committee Report, Case History Of A Toxic Waste Dumper, dated March 25, 1982, p. 13.
21. Ibid, p. 7-10.

Nevertheless Quanta was retained to remove the toxic wastes stored in the old tanks at Chelsea. Eventually, Quanta was caught selling heating oil contaminated by toxics to apartment houses in New York City. They weren't uncovered by any law enforcement investigation but by investigative reporters, Peter Lance and Janice Tomlin, working for the "20/20" program of the ABC Television Network. Subsequent investigation by the Select Committee and the U.S. Attorney's Office for the Southern District of New York disclosed that Quanta's officers had been dumping toxic wastes for at least six years into the New York City landfills. In December of 1982, the foreman of the New York City Sanitation Department overseeing landfill operations, John Cassiliano, was convicted of bribe receiving for permitting toxic dumping in the New York City landfills.

The Select Committee then developed evidence that the New York City landfills had been major toxic waste dump sites for years. Landfills in New York cannot be used as toxic waste dump sites[22]. Then came a revelation from a very surprising source as to the extent of organized crime's control over the New York City dumps.

A special prosecutor named Leon Silverman was appointed in September 1981 to investigate the previous relationships of Secretary of Labor, Raymond Donovan, with members of organized crime and in particular with William Masselli, The Special Prosecutor's Report, dated June 25, 1982, in volume II,reprinted (at pages 526-533) a conversation between William Masselli and his son Nat Masselli discussing the solicitation of excavation contracts from the Schiavone Construction Corp., which at the time, June 30, 1979, was engaged in constructing a subway tunnel in New York City.

Masselli would be hired by Schiavone to remove the excavated dirt and would then sell the dirt to the New York City Sanitation Department as cover for their landfill operations. Environmental regulations required that each day the garbage dumped at a landfill be covered with four to six inches of dirt.

---

[22] Testimony of William Carracino before the Select Committee, op. cit. note 16 , p. 42-3.

Masselli had just take over the assets of the company which had the excavation contracts with Schiavone.

The conversation recorded on June 30, 1979 was overheard in the course of a federal investigation which resulted in William Masselli's conviction on a narcotics charge. In the conversation, Masselli's son, Nat, told his father that there were new excavation contracts to be let. Masselli senior replied, "who they gonna go to? We got the dump there." The implication of this conversation was that the Massellis had sufficient control over the available dumps that any contractor needing excavation work had to come to Masselli. The only dumps used by Masselli were the city landfills. These were the same dumps used by toxic waste scavengers to illegally dispose of toxic wastes from 1973 to 1980.

Organized crime's operations in the garbage industry had shown them that a primary lever of control was control of the available landfills.[23] It didn't take them long to realize that garbage dumps were ideal toxic waste disposal sites since garbage readily absorbed toxic waste and was covered over every day with dirt. It became one of the bases for their moves to control the toxic waste disposal industry in the New York-New Jersey area.

After the release of the Special Prosecutor's Report in June 1982, one of the participants in the June 30, 1979 conversation, Nat Masselli, the son of William Masselli, was murdered in the Bronx. The persons arrested for this murder were described as having organized crime backgrounds.

Let me draw some conclusions from the investigation I have just described. It was pure luck that a Yonker's detective's curiosity was matched by the willingness of the Rockland Sheriff to cooperate. It was also luck that the Rockland Sheriff was not discouraged by the District Attorney's refusal to open a grand jury investigation. Only when publicity mobilized public concern did law enforcement take action.

---

[23] Testimony of Det. William Grogan, Yonkers Police Dept. before the Select Committee, May 29, 1980, p. 53-4

Toxic wastes are an exotic subject for law enforcement types. Dumping cases take time, require a lot of scientific evidence and usually involve piercing the corporate veil. Overburdened prosecutors are sorely tempted to accept any kind of a plea to dispose of the case. It is a situation made to order for organized crime which has a lot of experience in wearing down a prosecutor post-arrest.

The environmental laws are administered by scientific types who have no experience with organized crime. Law enforcement types with the experience to handle organized crime usually lack the scientific expertise. Organized crime flourishes in that gap. We need a new breed of investigator in this field and we had better start the training programs quickly.

Our licensing statutes in this area are appalling. We should investigate toxic waste transporters and disposers as carefully as we do gambling casino licensees. The counsel to the New York State Department of Environmental Conservation told me they could not refuse a license to a convicted felon who is an identified member of organized crime. We have subsequently changed the law but the old attitude still prevails.

We have watched organized crime assume control of the garbage industry over the last thirty years. There are several murders every year known to law enforcement as the imposition of organized crime's sanction against someone breaking their rules. It should not be a surprise to anyone that organized crime is extending that control to the related and newly created industry of toxic waste disposal. It is an axiom of political science that power is agglutinative, those with some power seek to acquire more. Our state and federal governments are directly responsible for allowing organized crime to obtain control of the garbage industry and must take the responsibility for permitting their expansion into toxic waste disposal.

In all of the budget or legislative presentations made to you by the executive branch, and in particular the Department of Justice and the Environmental Protection Administration, did anyone stress the urgency of controlling organized crime in the toxic waste industry? It is my belief that the executive is officially blind to the problem and the Congress is far out front on this issue. Remedial action has to be demanded by the Congress and it will require investigations such as you are now undertaking to communicate to the executive the urgency of the problem.

The toxic dumpers described above moved across state lines because they knew surveillance stopped at the border. They also knew New York does not compare its reports with New Jersey. They used connections established with local officials through the garbage industry and techniques of dumping that appeared innocent to the unskilled observer. And they were making a financial killing. Everything I have described is known to some law enforcement agency or other. But the Sheriff of Rockland County or the Yonkers Police or the Richmond District Attorney have neither the full picture nor the responsibility and resources to develop the full picture. That is a federal responsibility which is being grievously shirked.

In conclusion, we recommend you to pursue vigorously your investigation of organized crime in the toxic waste industry. If organized crime is not rooted out of toxic waste disposal, we risk a public health catastrophe in this country. The suffering caused to innocent victims by their unsuspecting ingestion of toxics is incalculable and unforgivable. This government of ours moves slowly. This is one situation where it must act swiftly. Your investigation in this area can and must force our decision makers to act with dispatch against organized crime in toxic waste disposal.

That concludes my statement, thank you.

U.S. Department of Justice

Federal Bureau of Investigation

Washington, D.C. 20535

PREPARED STATEMENT OF OLIVER B. REVELL

ASSISTANT DIRECTOR
CRIMINAL INVESTIGATIVE DIVISION
FEDERAL BUREAU OF INVESTIGATION

BEFORE THE

PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
COMMITTEE ON GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

FEBRUARY 24, 1983

Mr. Chairman and members of the Senate Permanent Subcommittee on Investigations, I would like to extend my appreciation for the opportunity to provide you with the FBI's view concerning the activities of traditional and non-traditional organized crime groups operating in the Mid-Atlantic Region of the United States.

In order to understand the problem that we are discussing today, it may be helpful to provide you with a definition of organized crime. The FBI defines organized crime as criminal organizations whose primary objective is to obtain money through illegal activities. Although these organizations are involved in numerous types of crime, narcotics and gambling continue to be the major sources of revenue.

In addition to narcotics and gambling activities, organized crime groups rely heavily on other "street crime activities" such as loansharking, extortion, prostitution, pornography and truck hijackings as the "bread and butter" or foundation of their criminal network.

The organized crime activities mentioned are by no means limited to open acts of criminality. Our experience gives us a very clear picture that organized crime has made inroads into legitimate business in our communities, many times attempting to "swallow up" an entire industry in a particular city or region. The method of takeover is all too familiar to this Subcommittee and typically occurs as a result of a debt obligation incurred by the owner for gambling activities or an inability to repay a usurious interest loan. Once in the door, the takeover is completed by continued financial pressure on the owner, forcing him to relinquish his business to his organized crime partners. This penetration into the business community is not achieved through good business judgment and fair market competitive practices, but is the direct result of concentrated efforts by organized crime to create an aura of fear through intimidation, extortion and the threat and use of violence, if necessary, to accomplish their ends.

These same predatory tactics have allowed organized crime to gain substantial control of several union locals throughout the United States. Labor racketeering is another major source of income and a power base for organized crime. This is particularly true in the region I will discuss with you today. Corrupt union officials have allowed union treasuries and pension funds to be diverted into organized crime ventures. Control over key union figures by organized crime in union locals has facilitated the disruption of the normal flow of commerce, many times resulting in a scarcity or driving up the price of a particular commodity. For example, a planned trucking strike or an employee shutdown in a food service plant, orchestrated by corrupt labor officials at a union plant, may serve to directly bolster and provide an edge to the non-union competition which is controlled by organized crime figures.

These encroachments by organized crime into so many areas of society are costing the American public untold sums in terms of tax dollars lost and human suffering. Economic harm may also be viewed in terms of inflationary impact. Workers may lose a "fair wage" through sweetheart contracts agreed to by corrupt union officials; consumers may pay higher prices for goods and services as a result of "bid rigging", or mob control within a particular industry cutting off normal competitive practice in establishing the fair market price for goods.

Having provided you with a general overview of the kinds of activity engaged in by organized crime, I will now identify these major groups and discuss the influence and specific role they play in the Mid-Atlantic States.

La Cosa Nostra (LCN)

There is no one group synonymous with organized crime today. However, the most significant criminal group national in scope is the La Cosa Nostra, also known as the LCN. This group continues to be a top priority of the FBI's Organized Crime Program.

The LCN has its roots in secret societies developed in Southern Italy and Sicily over the past several hundred years. The LCN began to take its present shape in this country, particularly the northeast and midwest regions of the United States, in the early 1930's.

By way of background, the structure of this organization remains the same. Today, 25 "families" are operating within the United States.

The Bruno "Family" (Philadelphia)

The Bruno LCN "family" is headquartered in Philadelphia, Pennsylvania, and operates throughout the southeastern part of that State as well as portions of Southern New Jersey. The "family" is involved in illegal gambling, loansharking, narcotics, extortion, labor racketeering and pornography. The Bruno LCN "family" has traditionally funneled their profits into restaurants, bars, vending companies and income-producing real estate.

There is significant information that certain members of the Bruno "family" have aligned themselves with the Pagan outlaw motorcycle gang in the manufacture and distribution of methamphetamines. Reliable source information also indicates that, on occasion, the Pagans have been used to protect "family" members as well as act as "enforcers."

In the Philadelphia/Wilmington, Delaware, area, including Southern New Jersey, the Bruno "family" is most active in two labor organizations - the International Brotherhood of Teamsters - or IBT - and the Hotel, Motel, Restaurant and Bartenders Union International.

The Philadelphia and Baltimore Divisions of the FBI obtained a significant conviction of Francis Joseph Sheeran, former President of IBT Local 326 of Wilmington, Delaware. Sheeran, along with co-defendant Eugene Boffa, were convicted in U.S. District Court, Delaware, under the RICO Statute in October, 1981. The conviction stems from Sheeran's relationship with Boffa, who operated a labor leasing business and provided kickbacks to Sheeran for labor peace, thus preventing any disruption of his business. Sheeran admitted to FBI cooperating witness Charles Allen, in consensually monitored conversations, that he was a partner with Boffa in his labor leasing business and that he (Sheeran) gave 50% of the profits he received to LCN boss Russell Bufalino, of Pittston, Pennsylvania. These tape recorded conversations, played in court, also significantly outlined the influence of Bufalino and Philadelphia LCN boss Angelo Bruno in the activities of other IBT locals in the area. Sheeran received a sentence of 18 years and Boffa received a sentence of 20 years.

Another union whose activities have been disclosed to be under close control of the LCN is Local 54 of the Hotel, Motel, Restaurant and Bartenders Union International, which is located in Atlantic City, New Jersey. This Union was originally under the control of LCN figure Ralph Natale. Natale confided extensively to FBI cooperating witness Charles Allen concerning his relationship with the Angelo Bruno "family," and particularly the operations of Raymond "Long John" Martorano in narcotics trafficking and labor racketeering activities. This information was disclosed during suppression hearings for Natale at Camden, New Jersey, in September, 1982.

Natale was convicted on Federal charges of ITAR - Arson and narcotics violations and is currently serving a 30-year sentence. Presently, Local 54 is under the control of Frank Gerace and Albert Daidone, associates of Natale and Martorano. Daidone and Martorano have been charged with murder in the 12/80 gangland slaying of Roofers Union Local 30 Manager, John J. McCullough. McCullough, at the time of his death, was the most powerful figure in the Construction Trades Union in Atlantic City and Philadelphia and had close ties to the late Angelo Bruno. McCullough is believed to have been killed as a result of his attempts to organize security guards at Atlantic City casinos. State legislation in New Jersey regulating the casinos requires that a casino may not operate without a specific number of security personnel and meeting state issued standards. Different local unions from New York and New Jersey were competing heatedly for the control of these security guards with the full knowledge that once the security guards were organized in Atlantic City, that union would enjoy tremendous leverage over the operations of the casinos.

During the past two years we have also observed a wave of gangland slayings affecting this family. In March of 1980, Angelo Bruno was murdered by two shotgun blasts as he sat in a car outside his residence. The ensuing struggle for power resulted in open warfare, claiming a dozen additional victims, including Bruno's successor Phillip Testa who was killed by a powerful explosive device concealed under the porch of his home in 3/81. As a result of these slayings, this "family" has been in a state of disarray and lacks the stability and leadership provided by Angelo Bruno.

The Bufalino "Family" (Pittston)

The Bufalino "family" operates primarily in Northeastern Pennsylvania, as well as southern New York and northern New Jersey, and the boss of that "family" is Russell Bufalino. He is currently incarcerated at Lewisburg Federal Penitentiary, serving a ten year sentence for conspiracy to commit murder. In his absence, Edward Sciandra is believed to be the acting boss of the "family."

The Bufalino "family" is involved in a variety of criminal activities including loansharking, labor racketeering, gambling and public corruption. There is some indication that the Bufalino "family" has gained influence in some segments in the garment manufacturing industry which is particularly appealing because it deals heavily in cash and consists of numerous small, independent shops. Owners of these shops will often experience serious cash flow problems, making them easy targets for loansharking activities.

One particular scheme within the garment industry worth mentioning involves the manufacture of counterfeit designer clothes. Information discloses that numerous garments are being manufactured from inferior material and then marketed under "designer" labels for sale overseas.

This "family" also exerted significant influence through Frank Sheeran in IBT matters and has considerable influence in the International Ladies Garment Workers Union, also known as ILGWU in this area of the state.

New Jersey LCN

Within the State of New Jersey, eight LCN "families" are represented. They are the Bonanno, Bruno, Bufalino, Colombo, DeCavalcante, Gambino, Genovese and Luchese "families." With the exception of the DeCavalcante "family," the leadership of other "families" is situated outside of New Jersey.

The Genovese LCN "family" has the most impact in the northern part of New Jersey and is established in many major industries such as trucking, shipping and garbage hauling.

Phillip Lombardo is the acting boss of this "family;" however, control and the day-to-day activities are handled through the underboss, Vincent Gigante and the Consiglieri Anthony Salerno, both of New York.

The types of criminal activity engaged in by this group include loansharking, gambling, hijackings, narcotics and prostitution, as well as labor racketeering, infiltration of legitimate business, public corruption and Government program fraud. This group continues to dominate organized criminal activities in delineated territories within New Jersey.

The UNIRAC investigation, which was the subject of public hearings before this Subcommittee, is a prime example of the type of influence the Genovese "family" has held over the shipping facilities at Port Elizabeth, Port Newark and other key locations in the northeastern part of New Jersey. That investigation disclosed the direct lines between the union leadership and the LCN in acquiring illegal kickbacks or payoffs from major shippers, ship service industries and those involved in the handling of imported and exported goods.

We have also seen evidence of the influence of the Genovese "family" in the retail food industry in New Jersey. This influence was highlighted by the recent indictment in New Jersey of individuals associated with IBT Local 863, which is controlled by a Genovese LCN member. Through the unionization of dock workers, warehousemen and truck carriers, Local 863 has been successful in exerting influence over top management in supermarket chains by obtaining service and supply contracts for companies owned by LCN associates without regard to cost benefits for the supermarkets or fair representation of the union employees.

The DeCavalcante "Family"

This "family" is headquartered in Elizabeth, New Jersey, and is under the leadership of John Riggi. The "family" bears the name of its now retired boss, Sam DeCavalcante. The "family" has operations in many parts of New Jersey as well as parts of Connecticut and New York.

The primary influence of the DeCavalcante "family" is in the construction industry in New Jersey through control of Union Local 394 of the Laborers International Union of North America (LIUNA). This control over the Union goes back to the 1960's when DeCavalcante's uncle, Nicholas Delmore, ruled Local 364, LIUNA, and the New Jersey LCN.

In 1965, John Riggi, then a capo in the "family," was personally placed in the position of business agent for Local 394 of the LIUNA. Riggi has maintained control of that LIUNA Local since that time. Based upon intelligence received, the majority of illegal proceeds received by Riggi are derived from kickbacks and payoffs within the New Jersey construction industry.

The Luchese "Family"

This "family's" base of operation and control is in New York and it operates under the direct control of Anthony Accetturo, a capo who fled New Jersey in the late 1970's to avoid appearing before the New Jersey State Crime Commission. Accetturo has designated Michael Taccetta to run the daily operations in New Jersey.

This "family" is heavily involved in gambling and loansharking and is also involved in the vending and construction businesses in the area. Many of the businesses were infiltrated and taken over through the collection of unlawful loansharking debts. This "family" is also believed to be involved in the importation and distribution of cocaine.

The Gambino "Family"

The Gambino "family" is also based and controlled out of New York City. This "family" has been involved in the traditional crimes of gambling and loansharking. The most notable New Jersey members are Joseph Dominick Paterno, Peter Paul Palmieri and Frank Perrone.

Since the late 1970's, Paterno has established a new residence in Florida and the influence of this "family" in New Jersey is not as great as the other "families" mentioned.

The Bufalino and Colombo LCN "families" also operate, to a lesser extent, in the New Jersey area. These "families" have been involved in the food distribution business and have a close working relationship with local teamster unions.

Atlantic City, New Jersey

LCN activities in the Atlantic City area are of a multi-state and multi-family nature. In addition to the presence of the DeCavalcante "family" from New Jersey, there is strong representation from all five of the New York "families," the Bruno "family" in Philadelphia and the

Bufalino "family" in Pittston, as well as some involvement from the "families" in Chicago and Kansas City. The strength of these influences varies considerably with the New York Genovese "family" appearing dominant. The influence extends to the construction of casinos, linen businesses, junket operations, restaurant employees, dealers, maids and other ancillary services. The common thread in controling these businesses is the LCN's influence in the service related unions.

Legalized casino gambling has had little impact on illegal gambling operations primarily controlled by the Bruno "family" of Philadelphia. For years, the illegal gambling activities in Atlantic City were directed by Nicodemo Scarfo, the current boss of the Philadelphia LCN "family" who resided in Atlantic City. Scarfo is currently incarcerate at LaTuna Federal Penitentiary in Texas for two years, for illegal possession of a firearm. Illegal gambling operations in Atlantic City and throughout New Jersey continue to thrive because they primarily involve sports wagering and numbers. Should Atlantic City be authorized in the future to accept wagers on sports contests, it would have little effect on local bookmakers in that credit is more easily obtained from a bookmaker, and the wagers can be placed over the telephone and are also non taxable. Another side effect of the influx of visitors into the city for the purpose of gambling has been an increase in loansharking operations of the various "families" in Atlantic City.

Our past experience and current intelligence leads us to believe that Atlantic City is an "open city" as far as the LCN is concerned, and any LCN "family" can freely attempt to engage in their activities provided they do not interfere with the ongoing operations of the other "families."

NON-TRADITIONAL ORGANIZED CRIME

The problem of organized crime is by no means limited to the LCN. Other organized crime groups from various geographical, ethnic and racial backgrounds are involved in illegal activities. Like the LCN, many of these groups protect themselves with vows of secrecy and loyalty, enforcing discipline by threats and violence.

OUTLAW MOTORCYCLE GANGS

These other groups include outlaw motorcycle gangs such as the Hells Angels, Bandidos, Outlaws and Pagans, known to us as the "Big 4" outlaw motorcycle gangs. As I have indicated, in some instances these gangs have established relationships with the LCN and are acting as "enforcers."

We began investigating the activities of outlaw motorcycle gangs as organized crime groups in May, 1981. The impetus for our investigations was an extensive study that our Criminal Investigative Division conducted. This study revealed that the number of gangs, as well as the size of individual gangs, had grown significantly within the past ten years. Many had become widespread and even international. Like the LCN, they have developed into highly structured organizations, using threats and violence to achieve their goals and accumulate great wealth through illegal activities, primarily narcotics trafficking.

Although the smallest of the Big 4, the Pagans have significant strength in the Mid-Atlantic States. Over the years, this violence-prone gang has developed into a sophisticated organization that controls a major narcotics network.

The investigation of this outlaw motorcycle gang is concentrated in the Delaware Valley. Investigation has revealed that this local chapter consists of approximately 200 members and is a structured organization with its mother chapter or headquarters located in Long Island New York.

The Pagans are involved in numerous illegal activities which include the manufacture and distribution of methamphetamines and PCP and the importation and distribution of cocaine. In addition to narcotics trafficking, which is their primary source of income, the Pagans have been involved in other illegal activities, including the possession and sale of weapons, theft of heavy equipment, automobiles and motorcycles, extortion, prostitution and murder.

The illegal activities of this group are of primary interest to the FBI and we are making every effort to disrupt and minimize the impact of this organization.

An example of another emerging criminal group that the FBI has confronted in recent years is a group referred to by local authorities and the media as the "Black Mafia." In the Spring of 1981, the Philadelphia FBI and DEA conducted a joint investigation concentrating on the racketeering aspect of this organization and its involvement in extortions, narcotics trafficking and murders in the Philadelphia area. This investigation identified Lonnie Dawson and William Roy Hoskins as the leaders of this criminal organization. Both Dawson and Hoskins were convicted of the 1975 gangland slaying of Herschel "Jolly Green Giant" Williams, a Black Mafia drug dealer. Both were sentenced to prison for life, but on appeal were successful in obtaining new trials in 1979 and were released from prison on bail pending those trials.

Affidavits filed by Special Agents of the FBI and DEA in Federal court alleged that Dawson and Hoskins established control over the Black Mafia's drug operations upon their release from prison in 1979. The FBI and DEA, utilizing wiretaps, gathered significant evidence of a large narcotics organization involved in heroin, cocaine and the manufacture and distribution of methamphetamines.

During the early morning hours of 4/5/82, a member of Dawson's organization was returning to his residence in Chester, Pennsylvania, and was ambushed as a result of Dawson learning that he was a Government informant. The informant escaped after a high-speed chase and several shots being fired.

Shortly after the incident, a wiretap intercepted a telephone call from Dawson to Hoskins wherein Dawson told Hoskins of the attempt to shoot the informant and that the car pursuing the informant crashed. Dawson told Hoskins to telephone the police and report the car stolen.

A subsequent call from Dawson to his girlfriend instructed her to bring a gun to the Sheraton Hotel. Based on this call, Agents of the FBI and DEA initiated surveillances of the hotel and arrested Dawson, Robert [illegible] and Kenneth [illegible] as they entered the Hotel. Hoskins was arrested later in the day at his hotel.

The informant Dawson attempted to kill had been working for the FBI and DEA for several months and was secretly recording drug conversations and making buys of heroin, cocaine and methamphetamines from Dawson's group.

In October, 1982, the Federal trial of Dawson, Hoskins, Shank and Hardwick resulted in convictions on numerous Federal drug charges and on the attempt to kill a Government informant. A mistrial was declared on Shank and a retrial ordered. Prior to this trial, Dawson was retried in Philadelphia Common Pleas Court for the 1972 slaying of Williams and was convicted.

It is our belief that this case will have significant impact on the operations of the Black Mafia in the Philadelphia area.

As diverse and numerous as these groups are, I do not view our struggle against their activities a hopeless situation. We are making measurable inroads against these organized crime groups. The principal objective of our Organized Crime Program is to reach beyond the streets to those who exercise power and control within the organization.

Because the leadership is well insulated, we are emphasizing long-term investigations and the use of sophisticated techniques such as selected informants, undercover operations and court authorized wiretaps to reach the top people. These techniques help us understand how these organizations work and who controls them. These techniques make it possible to penetrate the secrecy, loyalty and fear-induced silence that protects organized crime.

Our investigations are producing significant results. In the last two years we have convicted more than 1200 individuals in organized crime investigations, including more than 350 LCN members and associates. There are currently more than 300 LCN members and associates awaiting trial.

We are also beginning to have a measurable impact in narcotics-related investigations. As you know, the FBI received concurrent jurisdiction concerning investigations conducted pursuant to Title 21 of the United States Code. Since this delegation of authority in January, [illegible]2, the FBI caseload involving narcotics-related investigations has increased from less than 100 cases in January, 1982, to a total of 1,173 as of February 4, 1983.

During Fiscal Year 1982, there were 616 subjects indicted and [illegible] subjects convicted during this time frame. I expect that our participation in Fiscal Year 1983 will continue to increase and our contribution in terms of convictions will be significant. During the first quarter of Fiscal Year 1983, approximately 209 subjects have been indicted thus far and 107 subjects have been convicted.

I have highlighted only a few significant statistics and cases to share with you some of the fine work that our Agents are doing in this area. Our successes are a signal, not that organized crime has been eliminated, but that members at all levels of organized crime can no longer consider themselves protected by a code of secrecy. The sense of immunity from prosecution is rapidly eroding as we reach beyond the streets to the leadership of these organizations.

We cannot do the job alone. You and your fellow Congressional colleagues are partners in this battle against organized crime. We are appreciative of the resources and statutory weapons that are currently available to us to effectively wage this war. My staff and I are available to work closely with the 98th Congress in making any needed improvements to these existing statutory tools, or in the development of new legislation.

I want to thank the members of this Subcommittee for allowing me to provide testimony on this significant topic. The FBI shares your interest in providing the American public with a clear understanding of the enormous influence of organized crime in society as well as the ruthlessness and violence associated with their activities.

PREPARED STATEMENT OF PROFESSOR CHARLES ROGOVIN

ORGANIZED CRIME RESEARCH PROJECT
TEMPLE UNIVERSITY LAW SCHOOL
PHILADELPHIA, PENNSYLVANIA
BEFORE THE
U. S. SENATE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
FEBRUARY 24, 1983

Chairman Roth, Senator Nunn, Members of the Subcommittee, I appreciate the opportunity to appear before you to discuss certain aspects of the problem of organized crime in the United States. I am Charles Rogovin and, with many others, I share a sense of satisfication in noting the continuation of the longstanding interest and concern of this Subcommittee about organized crime.

Preliminarily, a statement about my education, training, background and involvement with the problem of organized crime may provide some perspective on my views in this area. I am an attorney, a graduate of Columbia Law School. I first developed an interest in the problem of organized crime as an Assistant District Attorney in Philadelphia, Pennsylvania. I served with that office from 1960 until the spring of 1966, handling criminal trials and a variety of investigative matters. During that period I supervised a small group of intelligence agents who devoted much of their time to developing information about organized crime.

I resigned my position as the Chief Assistant District Attorney responsible for all investigative work in that office to accept appointment as Assistant Director of the President's Commission on Law Enforcement and Administration of Justice (better known as the President's Crime Commission). In that assignment, I directed the Commission's work in assembling information and preparing a report on organized crime in the United States. The Commission's Organized Crime Task Force was assisted by Federal, State and local agencies. It sought to document the nature and extent of the organized crime problem in the United States and made recommendations to deal more effectively with the problem.

Following the assignment I accepted a position as Assistant Attorney General for the Commonwealth of Massachusetts where I created an anti-organized crime capability for the State's Attorney General, Elliot

Richardson. With Mr. Richardson's informed assistance, the New England Association of Attorneys General (NEAAG) was formed. A primary objective of the Association was the coordination of efforts directed at organized crime among the Attorney General in the region. For the Massachusetts Attorney General, I supervised the work of a Section in which attorneys and investigative agents were combined in an anti-organized crime effort. In the winter of 1969 I resigned to accept appointment as Administrator of the Law Enforcement Assistance Administration (LEAA).

In the sixteen months during which I served as Administator of LEAA, a Congressional priority for that agency was assistance to state and local units of government to enhance their capabilities to contend with organized crime. In 1970, I became the first President and managing director of the Police Foundation in Washington, D.C. After two years with the Foundation, working on a variety of issues relevant to the urban police, I accepted a fellowship at the John F. Kennedy Institute of Politics at Harvard University. Following that I was active as a consultant in the Criminal Justice field during which time I maintained my interest and involvement in the organized crime area. One of my interest then, as now, was the training of law enforcement officers and civilians as intelligence analysts for work with organized crime units in municipal and state police agencies.

I joined the faculty at Temple Law School in the summer of 1977 and have pursued my interests in the organized crime field in a variety of ways. These includes the placement of students in clinical activities involving the investigation of organized crime, and directing a two-year research program into organized crime, sponsored by the National Institute of Justice. That research program is entering its final phase.

My views today, of course, are personal and do not necessarily reflect those of my faculty colleagues, the administration of my University or the sponsor of the research program, the National Institute of Justice.

The matters and issues I present to you are derived from operational involvement as an investigating prosecutor, as a supervisor of agents and attorneys working in the organized crime field, from empirical research such as that which led to the publication of a study on Rackets bureaus (Rackets Bureaus: Investigation and Prosecutor of Organized Crime, 1978) which I completed with Professor G. Robert Blakey (now of Notre Dame Law School) and

Ronald Goldstock (now Deputy Attorney General and Director of the Organized Crime Task Force of the State of New York). Further, my views have been influenced by the findings resulting from the research effort in which I am currently involved. I have also authored the chapter on organized crime in the publication Local Government Police Management, 2 Ed., published by the International City Management Association. These experiences and involvements including continuing contact with law enforcement and prosecution personnel -- as well as journalists and academics involved with and interested in organized crime -- have helped shape my current views on the topic.

I might add one further note in this regard; that is, that I have in recent years worked with and counseled personnel of the Pennsylvania Crime Commission, an agency whose primary mission is the examination of organized crime in my home State, Pennsylvania. At the risk of extending these introductory comments, Mr. Chairman, I stress that I do not profess the kind of immediate knowledge of organized crime conditions which would be better obtained from an operating unit or agency head, or the supervisor of an intelligence unit with personnel assigned to organized crime information collection and analysis. There are many persons whose tactical information is far more precise and current than anything I might offer.

The definitional problem in the organized crime field has been recognized on many occasions. As a draft report prepared as part of the Organized Crime Research Program which I direct notes, "organized crime" is a phrase that has many meanings: "'When I use a word,' Lewis Carroll's Humpty Dumpty said, 'it means what I choose it to mean, neither more nor less'." Like Humpty Dumpty's language, the term "organized crime," can mean whatever the speaker chooses to make it mean. It can be used to refer, for example, to crimes committed -- bootlegging, gambling, or prostitution, or it can refer to the criminal groups that commit them. A distinction is sometimes drawn between an organized crime "enterprise," which engages in providing illicit goods or services, and an organized crime "syndicate," which regulates relations between individual "enterprises" -- allocating territory, settling personal disputes, offering protection from rival groups and against criminal prosecution. Syndicates, too, have been different types. They have been metropolitan, regional, national or international in scope, and they have been multi-service or limited to only one field of endeavor -- for example, narcotics. Traditionally, however, most public attention has been focused on one national, multi-service syndicate. The organization has been called by its own members by a variety of names. In Chicago, it is the "Outfit." In Buffalo, it is "The Arm." in New York City, it is "La Cosa Nostra." Only the public continues to call it the "Mafia" or "the mob." The degree to which terms like Cosa Nostra or Mafia, however, conjur up stereotypes of Italian-American gangsters is unfortunate. As Joseph Valachi, the mob informer, put it, "I'm not talking about Italians, I'm talking about criminals." Nevertheless, the ethnic character of the dominant syndicate in organized crime is, as it will be shown, an accident of history; criminality is not an essential character trait of a particular group of American citizens.

To provide a context for my remarks, I suggest that we dispense with an attempt to define organized crime today. I think it will be more useful to provide a simple description so that at least we could agree that we are discussing the same activity. Thus, I would suggest that organized crime is present where there are people -- usually career criminals -- involved in a structured organization which has ongoing, illegal and possibly legal enterprises and also relies upon tactics such as force, conspiracy, violence, corruption and monopolistic control to elicit profits.

I mentioned earlier a draft study which has been prepared as part of the Organized Crime Research Program being conducted at Temple Law School, sponsored by the National Institute of Justice. That study is entitled, Organized Crime in the United States: A Review of the Public Record on Organized Crime. It has been prepared entirely from materials available in the public domain and does not rely upon intelligence files or other confidential data. Since there is and has been a wealth of information on organized crime in the public record, we concluded that it would be useful to review, synthesize and present it. Operating with public record information further avoids the problems attendant upon accessing confidential files. It is significant to note that a substantial portion of this report on organized crime in the United States is based directly and/or indirectly on the reports and hearings of this Subcommittee. In view of that it seemed to me that I might best serve this Subcommittee's interests and objectives as I understand them by dealing with a number of issues and topics which I believe have not been effectively addressed over time. These include the failure to focus sufficient on emerging organized crime groups, the problem of evaluating law enforcement efforts directed at organized crime and the absence of useful measures of effectiveness, and finally, the inadequacy in our address of the problem of public corruption.

A serious deficiency in the national effort to contain organized crime is the failure to focus sufficiently on emerging organized crime groups. Substantial attention and significant resource is provided for the La Cosa Nostra (L.C.N.) organizations, those powerful groups which have for years been the focus of law enforcement attention. Illustrative is the fact that the Organized Crime and Racketeering Section of the United States Department of Justice, with its Strike Forces, operates with a nearly exclusive focus on L.C.N. activities and personnel. However, the L.C.N. is far from the totality of American organized crime.

In the last several years, an awareness and concern has developed about the significance and sophistication of other groups. These include outlaw motorcycle gangs, most prominent of which are the Hell's Angels, the Banditos and the Pagans. Of lesser interest, however, but of potentially very serious threat, are organizations or confederations of criminals which include Columbian drug trafficking organizations, the Dixie Mafia, the Israeli Mafia, and several very violent California groups which gained their start in the California prison system -- La Nuestra Familia and the Mexican Mafia. There are a number of other organized crime groups including certain Chinese organizations. In Hawaii there is a group called Yakuza. Finally, there are Black organizations -- sometimes called the Black Mafia -- which are involved in narcotics and numbers rackets, as well as other enterprises.

Currently, none of the foregoing groups has achieved the wealth, power, status or influence of the L.C.N. It is for precisely that reason, however, that the limited efforts directed at them to date should be enhanced and expanded. The objective should be to interdict the evolution of these newer groups to a level rivaling the L.C.N. Additional intelligence and investigative agents should be detailed to the collection of information and evidence to support prosecutions. Intelligence analysts should be assigned to develop an expertise on each of the groups and strategic studies undertaken to assess their points of vulnerability. Just as assessments are made of the vulnerability of actual or potential foreign enemies, American law enforcement

-- with the cooperation of experts from other fields -- should be making vulnerability studies of new, organized crime groups. Government has an opportunity to inhibit the growth of these newer organizations at a stage in their development that was not available with the L.C.N.

When I have suggested implies a substantial sophistication in the intelligence processes and programs of United States law enforcement agencies. I am persuaded that while the numbers of persons attuned to such needs and capable of performing such tasks is not large, they do exist. What is necessary is an expansion of their number and a refocusing of their talents. Executive branch leadership as well as legislative leadership -- which is, after all, responsible for the provision of law enforcement resources --should direct that such a new, strategic program be undertaken.

Unless law enforcement attention is broadened to include the new criminal groups which this Subcommittee, as well as other agencies, has identified we will continue to play catch-up ball; unfortunately, we are not likely to be successful.

With your permission, let me turn now to the problem of evaluation. The Federal Government, as have state and local governments, has devoted substantial resources to programs and campaigns against organized crime. Apart from public education efforts, such resources have been primarily devoted to the support of investigators and attorneys who have sought to bring the force of the criminal law to bear on violators. In seeking to measure the effect of the commitment of law enforcement and prosecution resources, administrators and evaluators have utilized the traditional measures of effectiveness employed in the police field. These include numbers of cases, numbers of defendants and numbers and percentages of convictions. Recently, in testimony before the United States Senate's Judiciary Committee, the Attorney General of the United States employed such numerical measures in describing what he regards as a significant advance in the quality and success of Federal, anti-organized crime efforts. Mr. Smith noted that in the one-year period between January of 1982 and January of 1983, that FBI drug investigations had risen from 100 to 1,115. He further offered the following data; that during fiscal 1981 there were 515 organized crime convictions and during fiscal 1982 there were 763.

Apart from the fact that it is not possible to determine from the cold figures what is included and/or excluded as an "organized crime conviction," I would suggest that the raw numbers mean very little. The question which is unasked is what difference does any conviction make in terms of the degree to which an organized crime group's capacity to function has been constrained, to what extent has the negative impact of the criminal activity being carried out, been reduced? In essence, I think the problem is one of seeking to utilize measures which have gained some credibility -- merely through use and the passage of time -- without real validation.

By way of illustration, let me suggest that for years American police have used clearance-by-arrest rates as a purported measure of their effectiveness in dealing with crime. Certainly, the extent to which arrests are or are not related to convictions is an important question. If dismissals or acquittals are a function of inadequate police work then the raw numbers of arrests do not support the conclusion of effective police work. Further, in the organized crime field, the statistical fact of a conviction, standing alone, may or may not reflect an adequate or appropriate use of resources. The consequences flowing from a conviction of an organized crime associate or a high-level managerial figure are neither reflected in a simple number-counting exercise or determinable solely from the fact of a guilty verdict.

I submit that the real issue in the assessment or evaluation of the success of law enforcement efforts to contain organized crime lies in determining the extent to which such effort reduces the harm or harms which an organized crime group generates. Let me illustrate; if, through members or associates of an organized crime group, control of a union or a local were achieved, substantial harms result. This Subcommittee has documented in significant detail examples of just such harms. Thus, at the start of a labor racketeering investigation, an assessment or threshhold determination of harm could be made from available intelligence data. For example, the dollar value of health and/or welfare benefits denied to union members as a function of corrupt leadership could be estimated. At the conclusion of the investigative effort and such prosecutions as result, a new estimate could be developed using the same assessment criteria. The difference would reflect the effectiveness of the law enforcement effort.

This analytical approach would present to observers, as well as participants in and managers of anti-organized crime efforts, the opportunity to assess the utility of a prior resource investment and the desirability of continuing or increasing it. Obviously, interested observers include Congressional legislators, state and local officials, who provide operating funds to support such efforts.

The maintenance of anti-organized crime efforts, aside from appropriately measuring their effectiveness, is important because of the effects on public opinion. Even without knowing the real degree to which organized crime is impacted each year, it is nonetheless important that the American public have a sense that its Government will not abide law breaking of the kind characteristic of organized crime. However, this does not excuse the failure to date to develop and apply more meaningful measures of effectiveness.

My view is that it is difficult to overstate the importance of public corruption to the continued successes of organized crime. A major factor in the continued, profitable conduct of many of its legitimate businesses is organized crime's ability to secure and keep licenses issued -- and theoretically regulated -- by Government. One notorious area of organized crime interest and activity is the operation and control of liquor dispensing outlets such as bars, restaurants and nightclubs. Time and again enforcement agencies secure or develop information which establishes an illegal and/or criminal character in a licensing transaction. It has not been unusual, however, even when the quantity and quality of evidence of unlawful conduct has been persuasive beyond a reasonable doubt to find that administrative agency official and personnel have disregard such proofs. Law enforcement officials frequently refer to notorious "secret ownership interests" by organized crime figures in licensed establishments. Yet, agencies charged with the regulation of alcoholic beverages often move slowly, if at all, in license suspension or revocation proceedings against suspected organized crime interests. While statutes frequently contain a requirement that the holders of certain licenses must be persons of good moral character, all too frequently little if any substantial investigative effort is devoted to establishing the presence or absence of the requisite moral character before such permits are issued. Corruption is not a phenomenon confined to the regulatory agency arena; it unfortunately afflicts other branches of government, as well. Legislation has frequently stalled or a measure benefiting a special interest has been expedited when organized crime interests have been involved.

The Judiciary has hardly been immune. Some years ago, before his election to the U. S. Senate, Pennsylvania Senator Arlen Specter was appointed a special investigator to inquire into allegation of corruption, mis- and non-feasance among members of the minor judiciary in Philadelphia. For years, stories of corruption among the magistrates in that city were rampant. Yet, the political strength of those offices inhibited any significant investigative activity. I might add, parenthetically, that as a consequence of Senator Specter's efforts, significant reforms were achieved.

The failure to pursue public corruption effectively is not necessarily linked exclusively to corruption on the part of those officials charged with the investigation and prosecution of crime. Certainly, a personal reluctance to engage in such efforts is a problem with both certain police officials and public prosecutors. Of equal importance, however, may be the absence of the necessary investigative tools for effective work in this area. I speak here of investigating grand juries, court authorized electronic surveillance, immunity authority and a cadre of trained investigators and prosecutors. Without such tools, it is unlikely that there will emerge any sophisticated, investigative capability and a tradition of the pursuit of public corruption. With the ever-present pressure to deal with street crime and the political risks to an elected or appointed prosecutor of an aggressive campaign against public corruption, it is not surprising that observers do not see more anti-corruption activity at state and local levels.

Nationally, the problem of public corruption has been left for too long in the hands of Federal officials. Even at that level, there is not sufficient resource to pursue effectively the problems of public corruption throughout the nation.

There is at the Federal level, however, in both investigative agencies and the United States Department of Justice, an institutional capability to pursue public corruption effectively. Assuming the necessary interest at state and local levels of government, the issue becomes one of communicating the knowledge and skill extant in the Federal establishment to interested persons. A variety of approaches might be suggested. These could include the cross-commissioning of state and local prosecutors for work with Federal agents and attorneys, such as those in the Public Integrity Section. It could further involve the assignment of state and local investigative agents to public corruption task forces working on a state or regional basis. Beyond the creation of ad hoc, inter-governmental arrangements there is the necessity for open acknowledgment that public corruption is a problem of significant dimension and substantial importance in our society.

Citizens learn on a regular basis of breaches of the public trust by their officials. Cynicism as to the quality and honesty of government increases with each of such disclosures. Not only is an attack on corruption in government necessary if we are to significantly interfere with the operations of organized crime; but equally important, it is a means to restore public confidence in government. Since the days of the Kefauver investigations in this country, it has been convenient for many persons to suggest that corruption in law enforcement should be the primary concern. I disagree strongly with such view; rather, I consider corruption in the Judiciary of equal or greater significance, and dishonesty in the administrative processes of government as much as an assist to organized crime as the malfeasance of any police officers.

I am not urging upon this Subcommittee the initiation of a moral crusade. Yet, the absence of a priority for programs directed at public corruption will doom to failure the most sincere programs designed to contain organized crime.

I thank you for the opportunity to present my views to the Subcommittee, and would be pleased to respond to any questions that you might have.

TEAMSTERS LOCAL UNION No. 676

AN AFFILIATE OF THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS, CHAUFFEURS, WAREHOUSEMEN AND HELPERS OF AMERICA

Executive Office
101 CRESCENT BOULEVARD, COLLINGSWOOD, N. J. 08108
(609) 964-2101 Philadelphia (215) 627-6534

JOHN P. GREELEY
PRESIDENT

FROM THE OFFICE OF JOHN P. GREELEY

May 16, 1983

SENATE PERMANENT
SUBCOMM ON INVESTIGATIONS

RECD MAY 18 1983

REFERRED ....

INITIAL..............FILE NO.........

Eleanor Hill, Esquire
Chief Counsel to Minority
Committee on Governmental Affairs
Permanent Subcommittee on Investigations
Room 193
Russell Senate Office Building
Washington, DC 20510

Dear Ms. Hill:

Please find enclosed an Affidavit and supporting documents which I am submitting in response to testimony given by Robert M. McKee to the Subcommittee on February 23, 1983. Mr. McKee named me in his testimony and in his prepared statement as having received certain illegal payments from Eugene Boffa. As discussed in my Affidavit and shown through the supporting documents, Mr. McKee apparently confused me with another individual of the same name and has refused to correct his error. It is important to me and to the labor union of which I am president that such a misstatement not go unanswered.

After you have reviewed these documents, would you kindly advise as to whether they have been entered into the record and as to what other action has been taken regarding this matter.

Thank you for your courtesy.

Respectfully yours,

John P. Greeley

cc: John Sopko, Esquire
Deputy Counsel to Minority
Committee on Governmental Affairs
Permanent Subcommittee on Investigations
Room 193
Russell Senate Office Building
Washington, DC 20510

TEAMSTERS LOCAL UNION No. 676

AN AFFILIATE OF THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS, CHAUFFEURS, WAREHOUSEMEN AND HELPERS OF AMERICA

Executive Office
101 CRESCENT BOULEVARD, COLLINGSWOOD, N. J. 08108
(609) 964-2101 Philadelphia (215) 627-6534

JOHN P. GREELEY
PRESIDENT

FROM THE OFFICE OF JOHN P. GREELEY

March 4, 1983

Robert M. McKee, Special Agent in Charge
United States Department of Labor
Office of Organized Crime and Racketeering
615 Chestnut Street
Philadelphia, Pennsylvania 19106

Dear Mr. McKee:

I am writing to you relative to testimony which was given by you and prepared for the United States Senate Permanent Subcommittee on Investigations, February 23, 1983. I am Chief Executive Officer of Teamsters Local 676, Collingswood, New Jersey. As Chief Executive Officer of this Local for more than 20 years, you should be aware that at no time did I ever receive an automobile or anything else of value from Eugene Boffa or Robert Boffa, nor did any, to the best of my knowledge, of the local union officers under my control ever receive any such automobiles or other things of value.

It is my understanding that you testified that I engaged in criminal activity, receiving a vehicle from one of the Boffas. This local union rented automobiles for its agents from All Purpose Leasing from the period of May 15, 1974 which is a company which I believe is owned or controlled by Eugene or Robert Boffa. This 24 month period expired and thereafter a lease was obtained with a new company, DeSimone Cadillac. I am attaching to this letter a copy of the Lease as well as a copy of payments made by the local union. As is the practice of the local union for many years, an automobile was purchased outright by the local for me. I am attaching to this letter copies of those invoices. That is my automobile and at no time did I ever receive any automobile from Mr. Boffa. You should be aware that although you rely upon what was said by a person named Travis Dumas, President of Teamsters Local 39, Miami, Florida who in turn was testifying as to what he was told by Eugene Boffa, there is absolutely no truth in that assertion. As President of this local, I strongly reject and disagree with your testimony as well as your charts and diagrams which supposedly show criminal activity on my part. You also assert in your testimony that during your investigation Travis Dumas was one of the few Teamster officials who was willing to cooperate with you. That is an outright lie. We cooperated fully with Mr. Friedman during the course of his investigation and indeed I gave as much testimony as I possibly could remember to the Grand Jury investigating Mr. Boffa's activities. I have exerted great effort in keeping organized crime and criminal elements out of this local union. We did, in fact, deal for the 24 month period with All Purpose Leasing simply because at that time the lease arrangement which was proposed by them was the most competitive of the numerous ones we had obtained relative to price. After the lease expired it was not renewed simply because they attemtped to raise the price and we obtained a better quotation from DeSimone Cadillac. Indeed over the years that I have been in charge of this local union we have attempted to cooperate fully with all law enforcement authorities including a recent Department of Labor investigation concerning activities of Larry Smith. I personally have been involved with members of the Strike Force and have testified fully and completely before a Federal Grand Jury concerning the activities of Mr. Smith.

Indeed after this many years in the labor movement the one thing that I felt that I had was the ability to run a local union in accordance with the law and free from corruption. Your testimony and charts and graphs given recently has to my mind attempted to assassinate my character. Your testimony relative to my conduct as Chief Executive Officer in this matter is totally improper and is most importantly, untrue. For this reason I respectfully call upon you to correct your testimony given to the United States Senate Permanent Subcommittee on Investigations and further I request from you that you personally apologize to me for what I believe to be conduct on your part which is manifestly unfair.

Very truly yours,

John P. Greeley

John P. Greeley, President

JPG/dwm

U. S. Department of Labor

Office of Inspector General
Office of Organized Crime & Racketeering
Suite 700
615 Chestnut Street
Philadelphia, Pennsylvania 19106
Reply to the Attention of

March 10, 1983

Mr. John T. Greeley
President, Teamsters Local 676
101 Crescent Boulevard
Collingswood, NJ 08108

Dear Mr. Greeley:

In response to your letter to me dated March 4, 1983, attached is a page from testimony of Travis Dumas (page E160) on October 20, 1981. This testimony was made during the trial of Francis Sheeran in the U.S. District Court in Wilmington, Delaware.

Sincerely,

Robert M. McKee
Special Agent in Charge

Attachment

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF DELAWARE

Exhibit C

UNITED STATES OF AMERICA)
)
v.) Criminal Action No. 80-36
)
EUGENE BOFFA, SR.,)
LOUIS KALMAR, SR.,)
ROBERT BOFFA, SR.,)
CHANDLER LEMON,)
FRANCIS SHEERAN,)
DAVID MISHLER,)
ROBERT RISPO)

- - - - -

Wilmington, Delaware
October 20, 1981

- - - - -

BEFORE:

THE HONORABLE JAMES L. LATCHUM, Chief Judge,
United States District Court, and a Jury.

- - - - -

A P P E A R A N C E S

FOR THE GOVERNMENT: WILLIAM C. CARPENTER, JR., ESQ.,
Assistant U.S. Attorney
RONALD G. COLE, ESQ.
KENNETH F. NOTO, ESQ.

FOR THE DEFENDANT: GLENN A. ZEITZ, ESQ.

- - - - -

(VOLUME E)

- - - - -

(Afternoon Session)

A Yes, sir, and he says that -- I told him that hat was illegal. He told me at the time he was providing - he had given a Cadillac, new Cadillac, to John Greeley, director at the International Brotherhood of Teamsters, arehouse Division, just outright gift, and that later on, fter the -- like leasing the car for fifty a month or dollar a month or what, after two years I would have the option to buy that car, which is the standard leasing arrangeent, and then later on I could receive new cars. Free, without leasing.

Q What else did Robert Boffa offer you at that econd meeting?

A He said that along with the cars that there was a lot of money to be made since his company received 10 percent of the payroll from the companies they represented for the payroll personnel labor relations and that there was a lot of money and that I could receive a lot of money as long as I wasn't too greedy.

Q Did Robert Boffa at the second meeting ask you about your family?

A Yes, sir. He asked me if I had any children. I told him I had three -- a daughter -- At that time a daughter was 19, I had a son 17 and a son 3 years of age. And he asked me if my daughter wanted to be a stewardess and I told him I didn't know what she wanted to be and he said he had

TEAMSTERS LOCAL UNION No. 676
AN AFFILIATE OF THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS, CHAUFFEURS, WAREHOUSEMEN AND HELPERS OF AMERICA

Executive Office
101 CRESCENT BOULEVARD, COLLINGSWOOD, N. J. 08108
(609) 964-2101 Philadelphia (215) 627-6534

JOHN P. GREELEY
PRESIDENT

FROM THE OFFICE OF JOHN P. GREELEY

March 21, 1983

Mr. Robert M. McKee
Special Agent in Charge
Office of Organized Crime
and Racketeering
Suite 700
615 Chestnut Street
Philadelphia, Pa. 19106

Dear Mr. McKee:

I have received your letter of March 10, 1983, in response to my previous correspondence. You enclosed a photocopy of certain testimony given by a Mr. Travis Dumas during the 1981 criminal trial in Delaware. On page E160, Mr. Dumas states that a John Greeley, Director at the International Brotherhood of Teamsters, Warehouse Division, was implicated by Robert Boffa as receiving a new car from Mr. Boffa under improper circumstances.

As I believe you are aware, I am President of Teamsters Local 676, based in Collingswood, New Jersey. There is another John Greeley who is a Director of the Warehouse Division of the International Brotherhood of Teamsters as indicated by the testimony of Mr. Dumas. We are two separate people, and I believe the manner in which Mr. Dumas identified the Greeley named in his testimony should have alerted you to this fact.

Your statement of February 23, 1983, prepared for the United States Senate Permanent Subcommittee on Investigations, states on page 7 that you misidentified me, President of Local 676, as having received an illegal payoff from Robert Boffa. The charge is repeated in your chart on page 9 and again on pages 13 and 14. While I do not know what contact the other Mr. Greeley may have had with Mr. Boffa, it is quite clear from the testimony of Mr. Dumas that it was that individual rather than me who was being discussed.

I am entitled to an apology from you, and I am entitled to have you contact the authorities to whom you submitted this statement to have the error corrected. I respectfully request that these actions to correct your error be taken at once. If you fail to do so, I will take the appropriate actions, in consultation with my attorneys, to correct your misstatements and to have my name cleared.

Very truly yours,

John P. Greeley, President.

JPG/dwm

U. S. Department of Labor

Office of Inspector General
Office of Organized Crime & Racketeering
Suite 700
615 Chestnut Street
Philadelphia, Pennsylvania 19106
Reply to the Attention of: RMM:sjg

March 28, 1983

John P. Greeley
President, Teamsters Local 676
101 Crescent Boulevard
Collingswood, NJ 08108

Dear Mr. Greeley:

I am in receipt of your second letter dated March 21, 1983. In my first letter to you dated March 10, 1983, I did not detail all of the information our office had regarding alleged payoffs to you, and I do not intend to do so in this letter either. However, I will state that our investigation did uncover allegations regarding you receiving a vehicle and other things of value from Eugene Boffa.

In your letter, you request that I correct the record regarding you and state that you will consult with your attorney if I fail to do so. As you know, you are free to do whatever you feel is necessary.

Sincerely,

Robert M. McKee
Special Agent in Charge

AFFIDAVIT

STATE OF NEW JERSEY:
SS
COUNTY OF CAMDEN:

John P. Greeley, of full age, being duly sworn on his oath, hereby deposes and states as follows:

1. I am president of Teamsters Local Union No. 676 and have served in that office for 23 years.

2. In late February 1983, I became aware of certain testimony presented to the United States Senate Permanent Subcommittee on Investigations on February 23, 1983, by Robert M. McKee, special agent in charge, United States Department of Labor, Office of Inspector General, Office of Organized Crime and Racketeering, Philadelphia.

3. A prepared summary of this testimony mentions my name in at least four places. In each of these instances, it is alleged that during a criminal trial in the United States District Court in Delaware involving Francis Sheeran, Eugene Boffa, Robert Boffa, and other persons, testimony was presented that I had received an illegal payoff from either Robert or Eugene Boffa.

4. Upon learning of this testimony before the Subcommittee by Mr. McKee, I wrote to Mr. McKee on March 4, 1983, and asked him the basis for his statements against me. (Exhibit A, attached)

5. Mr. McKee wrote back to me on March 10, 1983, and attached a page from the testimony of government witness Travis Dumas on October 20, 1981. This portion of the transcript records Mr. Dumas testifying that Robert Boffa told him that "he had given a Cadillac, new Cadillac, to John Greeley, a director at the International Brotherhood of Teamsters, Warehouse Division..." (Exhibits B and C, attached)

6. I am aware of another individual named John Greeley who is employed in the International headquarters of the Teamsters union in Washington as a director of the Warehouse Division. While I did not know what relationship this John Greeley may or may not have had with either Mr. Boffa, I realized that the testimony which Mr. McKee apparently relied upon was actually identifying that John Greeley rather than me.

7. On March 21, 1983, I again wrote to Mr. McKee explaining to him the error in his interpretation of the testimony by Mr. Dumas and telling him that there was indeed another John Greeley who is a director of the Warehouse Division of the International Brotherhood of Teamsters. I told Mr. McKee that it was clear that Dumas' testimony referred to the other John Greeley, and I requested that he apologize to me and take steps to correct the misinformation which he had presented to the Subcommittee. (Exhibit D, attached)

8. On March 28, 1983, Mr. McKee responded to my second letter. He did not refer to the obvious error in confusing me with the John Greeley who was identified by Mr. Dumas. Rather, he stated that his previous letter did not provide all of the information regarding allegations of payoffs to me and that he would not provide

all of that information at this time either. He simply said that his investigation uncovered charges that I had received a vehicle and other things of value from Eugene Boffa. Finally, Mr. McKee offered no action to correct the testimony which he previously gave, nor did he admit to his error. (Exhibit E, attached)

9. I have never received a car or anything else from Eugene Boffa or Robert Boffa.

10. For a two year period beginning in May, 1974, Local 676 leased twelve automobiles from All Purpose Leasing, Inc., an organization which Mr. Robert Boffa represented and may have owned.

11. It has long been the practice of our union to lease cars for our business agents. Prior to 1974, we had leased cars for four years from Duffy Buick in Salem, New Jersey. When they raised their prices in 1974, I obtained bids from three other companies, Krauss Oldsmobile, Executive Cars, and All Purpose Leasing. The bid submitted by All Purpose Leasing was $10 to $12 a month per car cheaper than the next lowest bid, and the executive board, therefore, authorized the rental from All Purpose Leasing.

12. At the conclusion of the two year arrangement with All Purpose Leasing, in approximately May, 1976, that organization raised its rates what I considered to be an excessive amount. I again obtained bids from other agencies, including Krauss Oldsmobile, Executive Cars, and M.T.M. Leasing Corp. The bid submitted by M.T.M. Leasing Corp. was lower than the others, including All Purpose Leasing, and we, therefore, entered into a leasing arrangement with M.T.M.

13. M.T.M. Leasing Corp. is associated with DeSimone Cadillac, from which the union had regularly purchased cars for my own use as determined by our executive board.

14. I have never received an automobile from Mr. Boffa, nor was I provided one of the cars which was leased from All Purpose Leasing between 1974 and 1976. Rather, the union has purchased a new car for my use approximately every second year, normally dealing with DeSimone Cadillac.

15. Our labor union is an honest, effective, and respectable organization. During my time as president of Local 676, I have endeavored to be fair and honest in all of my dealings and to represent my members properly. My reputation is important to me, and the union's reputation is important to our membership.

16. When I received Mr. McKee's response to my inquiry as to the basis for his statements, it was clear to me that he had confused me with the other John Greeley. The testimony of Mr. Dumas seems very clear in identifying the position held by the John Greeley whom he named, and I was shocked that a government official would make such serious accusations without obtaining a clear understanding of the facts. Nonetheless, I was ready at that time to accept Mr. McKee's apology and have him explain the obvious error to the various bodies to which he gave the incorrect information.

17. I found Mr. McKee's response to my second letter to be thoroughly despicable. He refused to acknowledge his error although the document which he sent to me previously in support of his allegations makes clear that there was an error. He then went on to tell me that

he had other information which he was unwilling to disclose. I find such a response to be very reminiscent of tactics used by the late Senator Joseph McCarthy.

18. I respectfully request that the record of Mr. McKee's testimony be corrected to identify properly the individual named by Mr. Dumas and that efforts be made to determine why Mr. McKee made this mistake and why he has refused to acknowledge it.

I have read the foregoing Affidavit and swear that it is true to the best of my knowledge, information, and belief.

John P. Greeley

JOHN P. GREELEY

Sworn to and Subscribed
Before me this 16th day
of May, 1983.

Magdalena Di Orio

MAGDALENA Di ORIO
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Nov. 8, 1983

U.S. Department of Labor

Office of Inspector General
Office of Organized Crime & Racketeering,
Suite 700
600 Chestnut Street
Philadelphia, Pennsylvania 19106
Reply to the Attention of:

April 7, 1983

SENATE PERMANENT
SUBCOMMITTEE ON INVESTIGATIONS

RECD APR 11 1983

REFERRED ....

INITIAL .... FILE NO. ....

Eleanore J. Hill
Chief Counsel To The Minority
United States Senate
Senate Permanent Subcommittee On Investigations
Russell Senate Building, Room SR 193
Washington, D.C. 20510

Dear Ms. Hill:

The purpose of this letter is to clarify some information contained in my written statement to the Subcommittee on February 23, 1983. I represented (chart, pg. 14) that John Greeley, IBT, Local 676, Camden, New Jersey, illegally received a car from Robert Boffa, according to testimony of Travis Dumas.

I based this representation regarding Greeley on the following:

(1) Testimony of Travis Dumas that John Greeley received a car;

(2) The fact that John Greeley, IBT, Local 676 did business with Boffa's leasing companies;

(3) Prior to my testimony on February 23, 1983, I spoke to another witness, Robert Rispo, in an attempt to corroborate Dumas' testimony regarding Greeley. Rispo was a co-defendant in the Boffa case who turned Government witness, and he was employed by Boffa's leasing companies. Rispo stated that he had dealings with John Greeley, IBT, Local 676 while employed by Boffa, and that he (Greeley) received a car and other things of value from Boffa.

I recently received two letters from John P. Greeley, IBT, Local 676, stating that Travis Dumas was not referring to him in his testimony; that Dumas' statement related to another Greeley, John J. Greeley, Director of the Warehouse Division of the IBT. Upon checking John P. Greeley's letter of complaint, I have learned that there is a John J. Greeley, Director of the Warehouse Division of the IBT. Also, after reviewing Dumas' testimony and re-interviewing him, it appears that he was referring to John J. Greeley, of the International's Warehouse Division. However, Mr. Rispo has confirmed that he was not confused in his assertion that John P. Greeley, President of Local 676, Camden, New Jersey, received a car and other things of value from Mr. Boffa.

In conclusion, my statement should not have reflected Travis Dumas as the source of information regarding allegations about John P. Greeley, Local 676, but the allegations remain the same.

The above is provided for your information and action, if any, deemed appropriate.

If I may be of any other assistance in this matter, please call me.

Sincerely,

Bob McKee

ROBERT M. MC KEE
Special Agent in Charge
(215) 597-3947
(FTS) 597-3947

cc: Stuart Eder